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General

Development Trends in U.S.-Soviet Relations *HK230833 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 51, 21 Dec 87 pp 24-25*

[Article by Mei Zhenmin (2734 2182 3046): "Development Trends in U.S.-Soviet Relations"]

[Text] Mikhail Gorbachev's visit to the United States, the signing of a treaty on the elimination of intermediate-range missiles, and the extensive talks conducted in the U.S.-Soviet summit have attracted people's attention and sparked their speculations about development trends in U.S.-Soviet relations.

In my opinion, only a concrete study of the history of the evolution of the relations between the two superpowers and a comprehensive analysis of the various factors affecting their relations can help us to more or less see how their relations developed.

The manifestations of U.S.-Soviet relations over the past 4 decades since World War II are roughly as follows:

First, in terms of either ideology or hegemonic interests, the United States and the Soviet Union have a conflict of fundamental interests. Each regards the other as its main rival but, for the time being, neither side can overwhelm its counterpart. Hence, they have to coexist side by side and to maintain contact with each other. This determines that their relations have two antagonistic attributes, that is, while there is fierce struggle and confrontation, there is also dialogue and compromise. As long as they coexist in this world as superpowers, these two attributes of their relations will always exist. Recognition of one aspect and denial of the other will lead to one-sidedness and make people unable to explain many phenomena.

Second, overall, the contradiction between the United States and the Soviet Union is antagonistic in nature. The aspect of struggle in their relations is absolute and universal, running through the whole process of their relations, while the aspect of dialogue and compromise is comparative and limited. There is fierce struggle in dialogue or, in other words, dialogue is a form of struggle. Compromise is the result of struggle and the beginning of another form of struggle. Therefore, it would be impossible for there to be any overall compromise and overall detente between them, but it is possible for them to conclude limited compromises on some areas and problems.

Third, these two antagonistic attributes do not always exist in an invariable form. Sometimes one aspect is more noticeable than the other. This has led to a situation in which the relations between the United States and the Soviet Union have developed in stages. There was the period of "cold war" during the 1950's and 1960's, the period of "detente" during the 1970's, and

the period of what is usually dubbed the "sub-cold war" during the first half of the 1980's. Of course, this does not mean that there is no dialogue or compromise in years of tension or that there are no fierce struggles in years of detente.

Fourth, the most influential and decisive factors in the shift of position of the two attributes of U.S.-Soviet relations are the balance of strength between the two countries, the policies they pursue, and the international environment.

In terms of the international environment, the period of "cold war" took place during the first 20 years after the war because at that time there were more destabilizing factors that could become explosive points of contention between the United States and the Soviet Union. These included problems left over from World War II (such as the handling of vanquished nations, the status of West Berlin, and the boundary between Eastern and Western Europe), the rise of national liberation movements, the collapse of the colonialist system, and the contention between the two countries over filling the "vacancies" left by the old British and French colonialists after they withdrew from their colonies. In terms of the relative strength of the two countries, during that period, the United States had become the number one power in the West, and the Soviet Union had also significantly expanded its sphere of influence. Therefore, both sides adopted keep-forging-ahead policies, which landed themselves in a situation of tension and confrontation. Of course, when the two countries were on the brink of a hot war, dialogue and compromise were by no means nonexistent. For example, there were the meetings of heads of state and of foreign ministers of the Soviet Union, the United States, Britain, and France on the issues of Europe and Germany; the Geneva Conference attended by such countries as the Soviet Union, the United States, Britain, France, and China to solve the issue of Indochina; and mutual visits between the heads of state of the United States and the Soviet Union and their Vienna meeting.

The appearance of detente during the 1970's was not accidental. In terms of the international environment, since the problems left over from World War II were solved and most colonies had gained independence, there were fewer destabilizing factors that might have become explosive points of contention between the United States and the Soviet Union. In terms of the relative strength of the two countries, the United States' vitality was sapped by the Vietnam War, while the Soviet Union's position was also weakened by the split of the international communist movement. Both sides experienced one policy change after another. Following Nikita Khrushchev's advocacy of peaceful coexistence and peaceful competition, Leonid Brezhnev further raised the slogan of "melting" the cold war ice, proclaiming his willingness to "give top priority to detente" in his foreign policy. After Richard Nixon became master of the White House in 1969, he advocated turning "confrontation"

into "dialogue" and replacing "the era of conflicts" with "the era of negotiation." It was precisely under these circumstances that repeated mutual visits by the two countries' heads of state took place; a series of arms control agreements, including the treaties on limiting strategic arms and anti-ballistic missile systems, were signed; the Conference on Security and Cooperation in Europe was held and the final document for security in Europe signed; and economic relations and trade and scientific, technological, and cultural exchanges between the East and the West developed considerably. Although praised by many as a period of detente and compromise, the 1970's still witnessed fierce struggle and even intense confrontation. It was during this period that the nuclear forces of the United States and the Soviet Union grew most rapidly and enormously. They were involved directly or indirectly in regional wars in Africa, the Middle East, and some regions of Asia.

At the end of the 1970's and the beginning of the 1980's, there were fairly big changes in the balance of power of the two countries. Taking advantage of the period of detente, the Soviet Union vigorously intensified its economic and military strength, gained power and even strategic superiority in its nuclear forces after being inferior to the United States in this regard as the United States recovered from the "sequelae" of the Vietnam War. Accordingly, there were policy changes on both sides. The Soviet Union launched offensives, dispatching troops to Afghanistan and supporting Vietnam in invading Cambodia and energetically pursuing a strategy of advancing south. The administration of Ronald Reagan advocated restoring American national prestige and putting strength before dialogue and vigorously worked for arms expansion to put an end to the unfavorable situation of the United States in the arms race. The administration stressed the pursuit of a "coupling principle" in its relations with the Soviet Union. This being the case, U.S.-Soviet relations once again became strained, but the intensity of this cold war was weaker than the one of the 1950's and 1960's and assumed the form of a "sub-cold war."

Soviet Foreign Minister Andrei Gromyko's visit to Washington in September of 1984, dubbed a "strategic reconnaissance" move, indicated that there was some movement in the icy relations between the United States and the Soviet Union. In January of 1985, foreign ministers of the two countries held talks in Geneva, and in March the arms control talks were resumed. The tendency to hold dialogues between the two countries has since intensified impressively. During the last 3 years, Gorbachev and Reagan have met 3 times; the arms control talks in Geneva have all proceeded as scheduled; and vice foreign ministers of the two countries have conducted regular consultations on the issue of regional conflicts. Gorbachev's present visit to the United States is the latest development in this dialogue momentum.

It has been estimated that this tendency towards dialogue will continue for a time and that Soviet-American

relations will ease up to a certain extent. This is because in the 1970's and early 1980's, the Soviet economy "stagnated" and "crises in society emerged" (Gorbachev's remarks), and the gap between the Soviet Union and the United States in the economic, scientific, and technological fields widened. Such being the case, after assuming office, Gorbachev worked out "a strategy for accelerating social and economic development" and put forth the task to thoroughly reform economic mechanisms. In order to do this, the Soviet Union needs to reduce the scope of the arms race and to concentrate more on boosting the development of the domestic economy and science and technology. Therefore, there is a need for the Soviet Union to improve its relations with the United States. As for the United States, since Reagan came to power, although there have been some improvements in the situation of coexisting economic "stagflation [zhi zhang]" and the U.S.'s unfavorable situation in the arms race, and although the country's economic and military strengths have been augmented, gargantuan financial and foreign trade deficits, huge foreign debts, and the recent stock market crash have made the already grim situation even more acute and pressing. To effect an improvement in the economic situation, it is necessary for the United States to reduce its financial deficit, and the key to the reduction of financial deficit lies in curtailing its huge military spending. Thus, the United States found it difficult to continue to pursue the "Reaganist push-back strategy" that aims at checking the Soviet "acceleration strategy" by expanding the scope of the arms race, aggravating contention for regional areas. They had to make some alterations. It is precisely the abovementioned changes in the balance of strength and policies of the two countries that has given momentum to the dialogue between the two parties and will keep it moving ahead that way for a time. In addition, there are also some temporary factors, such as the fact that Gorbachev has met with fairly great resistance to his domestic reforms so that he needs to make breakthroughs in his foreign affairs work to strengthen his own position and Reagan needs to score eye-catching achievements to shore up his position after the "Irangate Affair" and to strengthen the position of the Republican Party in next year's elections. Therefore, before the American elections scheduled for next year take place, the momentum of dialogue between the United States and the Soviet Union will continue, some new breakthroughs may be achieved in arms control or regional conflicts, and both sides may even do their best to propagate the achievements made in improving relations out of their own needs.

However, it can be affirmed that this easing up of relations is limited and will not lead to overall compromise or detente and will not change the situation in which both sides regard their counterpart as their main rival, a situation characterized by both confrontation and dialogue. Moreover, the possible emergence of twists and turns in the process of this limited detente cannot be ruled out. Some progress may be made on such issues as arms control and nuclear weapons reduction, but the

arms race between the two countries will not cease and the competition to modernize nuclear weapons and to manufacture space weapons and other new kinds of weapons will become more fierce. Some progress may also be made in solving the problem of regional conflicts, but the scramble between the United States and the Soviet Union for spheres of influence and strategic areas will not stop. Both sides will attach greater importance to the use of economic and political means in this regard. Bilateral relations in such fields as economy, trade, science and technology, and culture may develop, but each side will do its best to prevent its counterpart from gaining benefits that will endanger itself. Their competition to increase their comprehensive national strength in the economic, scientific and technological, and military fields will become more fierce. Both sides will vie with each other for the conquest of the peak of comprehensive national strength that will determine the position of a country in the world in the days ahead.

It is impossible for them to abandon their fierce struggles in the abovementioned fields, partly because the contradiction between the two is antagonistic in nature and partly because they have their own long-range objectives to better their positions in the struggle with each other while pursuing their current policies of easing up relations. Moreover, the United States has learned its lessons from the detente of the 1970's, and now it has laid particular stress on preventing the Soviet Union from gaining benefits from the easing up of relations. That being the case, some observers in the world community believe that although the tendency towards dialogue that began in the mid-1980's may help U.S.-Soviet relations and East-West relations ease up in the second half of the eighties, the depth and breadth of the easing up of relations may be smaller than in the seventies and assume the form of "sub-detente" or "cold peace." Both confrontation and dialogue and relations that are now strained and now relaxed will be the basic characteristics of the relations between the United States and the Soviet Union in the days to come.

What needs to be particularly pointed out is that the world is becoming multipolar and the growth of forces for world peace are playing a greater and greater role in checking the superpowers from contending for world hegemony and safeguarding world peace. U.S.-Soviet relations are closely tied to international relations and thus, gone are the days when the United States and the Soviet Union could dominate world affairs.

Newspaper Comments on U.S.-Soviet Arms Race
HK260250 Beijing GUANGMING RIBAO in Chinese
18 Dec 87 p 4

["Yearender" by Washington-Based Staff Reporter Wang Deming (3769 1795 6900): "Relaxation Amid Confrontation—On U.S.-Soviet Relations in 1987"]

[Text] U.S.-Soviet relations in 1987 were characterized by the appearance of limited, unstable relaxation of tensions after the basic pattern of confrontation and

dialogue. The treaty on medium-range missiles signed by U.S. and Soviet leaders on 8 December in Washington was the outcome of the two countries' attempt to carry out an overall arms race on the one hand and arrive at a partial compromise on the other. The new characteristic which has emerged in U.S.-Soviet relations and the change which will possibly take place in their prospects have drawn the attention of the world's people.

The signing of the treaty on medium-range missiles was a prominent event in U.S.-Soviet relations. The treaty was concluded in a situation in which both sides made a concession according to each of their needs. On the Soviet part, the Soviet Union is adjusting its foreign policy and military strategy following the shift of its domestic focus to economic reform. It is trying to relax its relations with foreign countries, to maintain a low-level balance of arms with the United States, to allow it to accelerate its development strategy, to concentrate its efforts on economic construction, to tackle key problems in science and technology, and to catch up with the Western world in terms of comprehensive national strength. On the U.S. part, Reagan is, on the one hand, trying to weaken his opponent by proceeding from arms limitations talks; on the other, he is eager to strike a deal with the Soviet Union on the issue of medium-range missiles before his term of office ends, in an attempt to rehabilitate his reputation, which has suffered since the "Irangate" affair and to have himself seen by history as a "peace-loving president." Apart from this, he is also hoping to lend a helping hand to the Republican Party in next year's presidential election.

Medium-range missiles account for only 4 percent of the huge U.S. and Soviet arsenals. Fundamentally speaking, the destruction of all of the nuclear arms in this category will not affect the strategic balance of forces between the two sides. But after all, the agreement on the destruction of medium-range missiles represents relatively great progress in the prolonged deadlock of U.S.-Soviet arms limitations talks. To appraise the Washington summit meeting between the two leaders, U.S.-Soviet as well as East-West relations after the signing of the treaty on medium-range missiles and the influence of the treaty on the world situation are worth studying.

1. As indicated by the joint statement issued after the conclusion of the Washington summit meeting, the signing of the treaty on medium-range missiles will play a certain role in promoting arms control talks between the two countries. Both sides have made principled arrangements for the reduction of offensive strategic arms by 50 % and ordered their representatives to the Geneva talks to discuss the text of the agreement on the reduction of offensive strategic arms, which will be signed by leaders of the two countries when they meet in Moscow in the first half of next year. Viewed from the present situation, both sides still have serious differences on the deadline for reduction, on inspection and supervision, and, in

particular, on the relationship of the anti-missile defense system. It can be predicted that U.S.-Soviet contention in arms control will become more intense and complicated.

2. U.S.-Soviet contention for the superiority in space arms is becoming white-hot. This involves the crucial question of who will maintain the long-term strategic initiative in war. At the Washington summit, the two leaders still could not eliminate their serious differences on whether the testing, development, and deployment of arms listed in the SDI (that is, the "Star Wars plan") can be carried out within the framework of the 1972 anti-Ballistic Missiles [ABM] Treaty. The joint statement only mentions in general terms that both sides agree to abide by the ABM Treaty and that they will "act" according to the treaty. But it does not explain the treaty in a narrow or broad sense. Thus both sides can make their own explanations. Undoubtedly, the United States and the Soviet Union will engage in an all-round confrontation characterized by imposing and opposing restrictions on the issue of space arms. Both sides will conclude some deals on the reduction of nuclear arms, but their effort to improve the quality of nuclear arms cannot be altered. The U.S.-Soviet arms race has entered a new period of quantitative reduction and qualitative improvement.

3. A delicate change will possibly take place in relations between the United States and Western Europe and between the Soviet Union and the continent. The treaty on medium-range missiles conforms to West European demand for lowering the level of East-West nuclear armament and relaxing East-West relations. But to a certain extent, Western Europe has lost the U.S. nuclear umbrella. Viewed from the development of the situation, the Atlantic alliance which protects the fundamental benefits of the United States and Europe will not crumble, but relations on defense between the United States and Europe will become lax. Western Europe will strengthen their independence and integration in the fields of politics and defense.

4. Limited relaxation will appear in U.S.-Soviet relations, but there are still many unstable factors, and the nature of confrontation cannot be altered. The call for improvement in relations is mounting in both the United States and the Soviet Union, and a period will come in which the two countries will increase their contacts and exchanges. However, the long-term strategic targets of the United States and the Soviet Union will continue to contradict each other, one "aiming at a limited retreat strategy" and the other "stubbornly persisting in the position already obtained." The basic situation in their strategic contention will remain unchanged. The relaxation which has appeared is limited, there are still many unstable factors.

What should be stressed is this: None of the regional clashes in the world today has ever been resolved. Not only will the crises in these regions impact on U.S.-Soviet relations and the situation in their arms race, they

will also aggravate international tension and bring about a change in the world situation. While taking an interest in the limited relaxation in the relations between the two superpowers, international opinion should also maintain a high degree of vigilance against them.

NPC Promotes Relations With Foreign Countries
OW281128 Beijing XINHUA in English
0817 GMT 28 Dec 87

[Text] Beijing, December 28 (XINHUA)—China's National People's Congress was active in the past year in making contacts with its counterparts in other countries, thus promoting China's relations with other countries.

These contacts have deepened mutual understanding and friendship between China and some Latin American countries with which China has no diplomatic relations yet.

Speaking at a press conference before concluding his visit to China, Ovidio Diaz, president of the Legislative Assembly of Panama, said his assembly hopes that Panama will establish diplomatic relations with China and is willing to exert its influence to achieve this goal.

Alfonso Estevanovich Gonzalez, head of a delegation from the Legislative Assembly of Costa Rica, said in Beijing that their visit was of great significance for expanding relations between the two countries.

After visiting China, both delegations came to the conclusion that people cannot ignore the existence of China, which has a population of one billion.

Chen Pixian, vice-chairman of the NPC Standing Committee, said in a recent work report to the committee that the external activities of the NPC and its Standing Committee constitute an important part of China's foreign affairs work.

They promote China's political, economic, scientific, technological and cultural relations with other countries, and contribute to China's socialist modernization program and to safeguarding world peace.

In the past year, the NPC and its Standing Committee have, under the guidance of the general principles of China's foreign affairs, has carried out diversified and flexible contacts with a large number of countries in Asia, Africa, Latin America, Europe and Oceania.

The NPC sent six delegations led by vice-chairmen of its Standing Committee to 12 countries, was represented at the conferences of the Interparliamentary Union, and dispatched a study group to the U.S.

The NPC Standing Committee received 27 parliamentary delegations from 24 countries.

The National People's Congress sub-committees, including those concerned with foreign affairs, nationalities, education, science, culture and health, sent seven delegations to nine countries, while the sub-committees received visiting delegations from their counterparts in six countries.

Entrusted by the Asian Forum of Parliamentarians, the NPC Standing Committee successfully organized the forum's second conference on population and development, which was held last September in Beijing.

The conference, attended by some 200 people from 43 countries and international organizations, was convened at a crucial moment when the world's population topped five billion.

Another important achievement was the restoration of the NPC's relations with the parliaments in Mongolia and Cuba earlier this year after 20 years of suspension.

Contacts were resumed between the NPC and its counterparts in the Soviet Union and five Eastern European countries in 1986 and 1985.

A leading official of the Foreign Affairs Bureau of the NPC Standing Committee told XINHUA that the NPC would have wider contacts with its counterparts abroad in 1988.

International Statesmen Visit PRC in 1987

OW281754 Beijing XINHUA in English
0157 GMT 27 Dec 87

[Text] Beijing, December 27 (XINHUA)—A number of internationally-known statesmen, including former U.S. Secretary of State Henry Kissinger and former British Prime Minister Edward Heath, visited China this year as guests of the Chinese People's Institute of Foreign Affairs.

In an interview with XINHUA, President Han Nianlong and Vice President Chai Zemin of the institute said that in 1987 the institute received 59 delegations comprising 355 statesmen and scholars. Among them were former Nepalese Prime Minister Lokendra Bahadur Chand, former Egyptian Prime Minister 'Abd-al-'Aziz Hijazi, and U.S. President Ronald Reagan's daughter, Maureen Reagan, co-chairman of the Republican National Committee of the United States.

The institute also organized delegations to the United States, Japan, Austria and Italy.

Established in December 1949, the institute is composed of noted Chinese diplomats, scholars on international issues, international activists and other public figures. Late Premier Zhou Enlai was honorary president of the institute.

Country To Host 48 International Symposiums

OW262222 Beijing XINHUA in English
1102 GMT 26 Dec 87

[Text] Beijing, December 26 (XINHUA)—The China International Science and Technology Conference Center will sponsor 48 international academic symposiums in Beijing and other cities next year.

The symposiums will be on urban traffic, urban economics and planning, medical sciences, seismology, laser, agro-ecology, petroleum engineering, special education, computing science, enterprise management, systems science and engineering, and other fields, an official of the center which is under the China Association for Science and Technology said here today.

This year the center sponsored 52 international symposiums covering fields such as biochemistry, noise control, plant protein, harbor engineering and broadcasting and TV engineering.

It received 55 foreign academic exchange groups involving 10,000 scientists and scholars from 30 countries.

Paper Notes Policy Remarks on Afghan Struggle

HK250314 Beijing CHINA DAILY
in English 25 Dec 87 p 1

[Text] (XINHUA)—As long as Soviet Union troops remain in Afghanistan, China will, along with other members of the international community, continue its firm support for the Afghan people in their just struggle against foreign aggression, and will be ready to make sustained efforts towards a fair and reasonable political settlement of the Afghan question.

A Foreign Ministry spokesman made this statement in response to a question requesting the Chinese Government's comments on the eighth anniversary of the Soviet invasion of Afghanistan at the weekly news briefing in Beijing on Wednesday.

"We've taken note that the Soviet Union has repeatedly expressed its determination to withdraw its troops from Afghanistan. The problem is that more has been said than done, and what people stress is practica' action" the spokesman said.

In Islamabad [as published], Afghan resistance forces have recently inflicted heavy casualties and losses on Soviet-Kabul troops in various parts of Afghanistan.

Reports reaching here yesterday said that during the past few days the Afghan Muslim guerrillas have increased their attacks in and near Kabul, capital of Afghanistan. They launched a missile attack on Kabul, killing 20 Soviet-Kabul troops.

'Yearender' on Imbalances in Global Economy
OW280211 Beijing XINHUA in English
0638 GMT 27 Dec 87

["Yearender: Three Imbalances Make Global Economy Volatile (By Li Changjiu)"]—XINHUA headline]

[Text] Beijing, December 27 (XINHUA)—The global economy, which has been threatened by a sliding dollar since the October stock plunge, may remain volatile next year as the economic imbalances continue to exacerbate around the world.

The three major factors are: the budget imbalance in the United States marked by an ocean of red ink, the trade imbalance among industrial nations with the United States posting a big deficit to Japan and its Western allies, and the imbalance between the South and North with a widening gap between the developing and developed countries.

A report issued recently in Washington by 33 international economists warned that the world economy would encounter grave problems if the major industrialized countries failed to adopt resolute and forceful steps to mop out [as received] their budget and trade imbalances.

Those imbalances, serious as they are, have not run out of hand yet, and whether it will get out of control depends on whether the major developed nations could work hard toward readjustment and coordinate their policies harmoniously, economists say.

To dismantle the U.S. budget deficit, it is imperative for the Reagan administration to redress its borrow-and-spend policy and pay more attention to the budget issue.

During Reagan's seven years in the White House, his policy of tax reduction and expansion of military spending has ballooned the budget deficit to 1136.6 billion dollars, 687.8 billion more than the accumulated deficit collected by his postwar predecessors. Military spending alone amounted to 300 billion dollars annually.

In fiscal 1987, the U.S. budget deficit is still projected at 148 billion dollars, though that represents a dramatic drop from fiscal 1986's 221 billion dollars deficit.

Under the mounting pressure in the wake of the October stock crash, the Reagan administration had to consent to increase taxes and cut military spending so as to slash the budget deficit by 76 billion dollars in fiscal 1988 and 1989. It would be possible for the Reagan administration to gradually reduce its huge budget deficit if it continues its budget-slimming efforts.

As for the trade imbalance, it is likely that the U.S. trade deficit will shrink as a result of the falling dollar and revitalized competitiveness of American goods in the world market.

According to statistics from the Commerce Department, the U.S. trade deficit had increased from 32.2 billion dollars in 1980 to 156.2 billion dollars in 1986. Its trade deficit with Japan had gone up from 12.2 billion to 58.6 billion dollars during the same period.

The pursuit of high interest rates is one of several factors contributing to the drastic hike in the U.S. trade deficit since the beginning of 1980s.

From the beginning of 1981 to February of 1985, the value of the dollar had shot up by 73 percent in relation to the currencies of its 10 major trade partners. In February, 1985, however, the greenback started its downward trend, and as of November this year, it had dropped to a point even lower than the early 1981 level.

The policy of a flabby dollar has helped reduce the cost of American products, thus strengthening its competitiveness in the world market. It seems that the manufacturing industry has already gained some edge in competitiveness thanks to an earlier restructuring of the U.S. economy.

In addition, Japan and some West European countries, West Germany in particular, have begun to expand imports under the pressure of the United States. All this suggests that the severe imbalance between the United States and its Western trade partners might get eased in the long run.

Nonetheless, just as the seven major industrial nations pointed out in a joint statement recently, further weakening of the dollar would impede the world economic growth as a whole. Those nations have agreed to cooperate closely in interfering in the money market to keep the exchange rates at the current level — one dollar for 126.4 Japanese yen, or 1.62 German marks.

But some U.S. economists predicted that in the foreseeable future, the dollar may decline to about 120 Japanese yen, or 1.5 German marks.

There are signs that the United States, which has vowed to loosen the control of the dollar, even at the risk of inflation, to boost the economy after the stock crash, will continue to exert its pressure on its trade partners by using the leverage of exchange rates.

As to correcting the imbalance between the South and North, it is indispensable for the developed countries to take a fair and cooperative approach in assisting the developing countries' economic growth, economists stressed.

With the economic restructuring and scientific and technological improvement, the world demand for raw materials has become less acute than before. This calls for a corresponding readjustment of the economic structure in the developing countries.

The readjustment process, however, has been blocked, because the developed nations have tried hard to keep down the prices of primary products, set up trade barriers, raise interest rates, and cut back on assistance to foreign countries, which has deteriorated the trade terms of the developing countries and put more debt burden on their shoulders.

At present, foreign debt in the developing nations has reached 1.2 trillion dollars. Some Latin American and African debt-ridden countries cannot repay the interests and principals on the schedule and thus have to borrow new money to disburse their old credits.

Many Western economists say the industrial nations should expedite their financial and technological flow to the developing nations. This will not only benefit the developing nations by lightening their debt burden and promoting their economic growth, but also help stabilize the financial markets and facilitate the exports of the industrial countries.

Nevertheless, the Western countries have thus far shown interest only in the immediate results while ignoring the long-term benefits in the policymaking process. So it is still far from sure that those countries may adopt more reasonable and feasible policies to help the developing countries in the days to come.

Due to the effective interference by major industrial nations after the stock collapse, many economists believe that no crisis in the same magnitude as that of the great depression is looming on the horizon. But, the imbalances in the world economy, which may not be corrected in the near future, may possibly invite a new recession eventually.

According to a forecast by the Organization of Economic Cooperation and Development, the average growth rate of the developed nations will go down from 2.5 percent this year to around two percent in 1988 and 1989.

The Reagan administration predicted that the U.S. economy will grow by only 2.4 percent next year as industrial nations will reduce the demand for crude oil and other raw materials, pushing down again the prices of primary products which have seen somewhat of a comeback this year.

Therefore, the global economic climate appears unstable by and large, which may hamper the developing countries in their efforts to achieve economic recovery and modernization, and provoke more frictions between the South and North.

United States & Canada

Chai Zemin Views World Situation, U.S.
*OW271340 Beijing XINHUA Domestic Service
in Chinese 0703 GMT 27 Dec 87*

[By Reporter Cai Aiming]

[Text] Beijing, 27 Dec (XINHUA)—Veteran Chinese diplomat Chai Zemin held that the international situation will remain stark in 1988 though there have been

some positive, favorable developments in the world this year.

Chai Zemin, vice president of the Chinese People's Institute of Foreign Affairs, was recently interviewed by a XINHUA reporter at his office. Chai Zemin said: In 1987, the two superpowers have eased their antagonism and strengthened their dialogue and relations between the East and the West have eased to a certain degree. The parties involved in conflicts in the hot spots including Indochina, Afghanistan, Central America, Iran and Iraq, and the Gulf region have all shown a willingness to seek political solutions. It is more and more apparent that regional cooperation among medium-sized and small countries has been stepped up and there is a trend of development of a multipolar world. Various countries in the world have strengthened economic contacts and intensified their relationship of mutual dependence.

Chai Zemin also pointed out: Although there is a favorable trend in the international situation, the arms race between the Soviet Union and the United States is still going on and extending to outer space. Owing to various complicated factors and conflict of interests among various countries, the problems in the hot spots are still in a stalemate. The Western economic situation is also quite grim and the gap between the North and the South has further widened. Therefore, the international situation in 1988 will not be plain sailing.

Chai Zemin was China's first ambassador to the United States after the normalization of relations between the two countries. Reviewing the relations between China and the United States during the past year, Chai Zemin said: Sino-U.S. relations have generally been good this year. Relations between the two countries have been further developed. Mutual visits and consultations at a high level are being continued. Vice Chairman Yang Shangkun of the Central Military Commission led a delegation to visit the United States in May this year and U.S. Secretary of State Shultz, Attorney General Meese, and a number of American military leaders visited China successively. Local leaders, statesmen and people of economic circles of the two countries have maintained close contacts. Exchanges and cooperation in the scientific and technological, cultural and other fields have further developed. Through joint efforts, bilateral trade has been developing in a steady manner and the trade imbalance in favor of the United States has been reduced somewhat.

Chai Zemin said: However, some problems remain in the Sino-U.S. relations. Besides the issue of Taiwan, there have been some other obstacles and friction, mainly caused by a handful of U.S. congressmen who both in words and deeds act in violation of China's sovereignty and interfere with China's internal affairs. They have seriously hurt the feelings of the Chinese people, gone against the will of the American people, and done harm to the expansion of bilateral relations.

Chai Zemin pointed out: Xizang has been a part of China's territory since ancient times and this has been recognized by the whole world including the Government of the United States. However, a small handful of American Congressmen openly supported the secessionist activities of the Dalai Lama group and flagrantly interfered with China's internal affairs. They clamor about the protection of human rights but actually want to push Xizang's people who have already become masters of the country back to the abyss of serfdom.

He said: No external forces succeeded in separating Xizang from China even when China was weak. Now that China has become stronger such separation is only a vain hope which can never be realized.

Chai Zemin continued: On the other hand, trade protectionism and certain legislation in the United States which discriminate against China have also adversely influenced the development of trade and economic cooperation between the two countries. This cannot but have a bearing on relations between the two countries.

Looking toward the future of Sino-U.S. relations, the veteran diplomat of more than 30 years said: The development of relations between China and the United States is in accord with the interests and wishes of the people of the two countries. So long as both sides abide by the principles of the Sino-U.S. Joint Communiqué and governments and people of various circles of the two countries can work together, relations between the two countries will develop continuously.

Finally, [former] Ambassador Chai Zemin called on American friends on the other side of the Pacific Ocean to make efforts to strengthen friendship between the people of the two countries and welcomed their visits to China in the new year to understand the changes brought about by China's reform and open policy.

Reporter Reviews U.S. Events in 1987
HK280847 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 26 Dec 87 p 6

["Yearend special dispatch from Washington" by XINHUA reporter Bao Guangren (7637 1639 0088): "A Review of America Over the Past Year: More Bad News Than Good News"]

[Text] The United States entered the year 1987 under the shadow of the "Irangate" affair. It suffered a kick in the pants in October when prices in the New York stock market began to fall drastically and the financial market was thrown into confusion.

A review of major events in the past suggests that there has been more bad news than good news for the United States in 1987.

"Wall Street was plunged into a bloodbath" on 19 October, with the Dow Jones industrial stock index falling by 508 points, a record low, which struck terror into many Americans. The day was called "Black Monday." This slash nullified some \$500 billion and was a staggering blow to Reagan. The myth of "economic success" was shattered and people throughout the country were worried about the prospects of the U.S. economy. The U.S. economy was seriously undermined.

The huge financial deficit is another problem that worries the United States. After bargaining for 2 months, Congress finally approved on the morning of 22 December the bill to cut the budget deficit and submitted it to Reagan for signing. According to the bill, the deficit will be cut by \$32 billion during the 1988 fiscal year and a tax increase of \$9 billion will be introduced to make up the loss. Even so, the financial deficit for the 1988 fiscal year will still be higher than that during the 1987 fiscal year, which has been registered at \$148 billion. It is impossible to change this situation promptly.

However, the treaty on thoroughly eliminating medium-range missiles signed by President Reagan and the Soviet leader in the White House on 8 December could be counted as a Christmas gift. This treaty was welcome by many people and regarded as an important step toward a true reduction of nuclear arms taken by the two superpowers in the course of their nuclear disarmament negotiations. The signing of the INF treaty has brought a merry atmosphere to the grey Christmas this year.

The "Irangate" affair kept worrying the Reagan administration like a ghost for 11 months, and Reagan found everything unsatisfactory during those months. On 18 November, the Senate and House of Representatives finally announced a 690-page investigation report on the "Irangate" affair after 11 months of investigation with a huge expense of over \$4 million, thereby putting an end to the affair. Although Reagan has stepped out of "Irangate," his reputation has dropped. The Reagan administration has also found it difficult to exercise its powers and perform its duties more effectively because of the "Irangate" affair.

The Democrats won a majority seat in the Senate during the mid-term election last year. Thus, the upper and lower houses fell into the hands of the opposition party. The White House and Congress have been in confrontation for the past year. On 23 October, the Senate vetoed Reagan's nomination of Bork as a Supreme Court justice. This was really a headache for Reagan. Reagan's second nominee was canceled several days after nomination because he admitted he once took drugs. His third nominee is still under examination by the Senate.

Apart from all this, AIDS keeps spreading in the United States. So far, 49,342 AIDS cases have been discovered in the United States, and the number of AIDS patients who died totaled 24,070 by the end of September. It has

been estimated that there are 1 to 1.5 million carriers of the AIDS virus in the country. A recent public opinion poll indicates that AIDS is something the American people fear most.

Another major event this year is that the U.S. presidential election is already at the starting line. The Republican Party has six candidates; the Democratic Party, seven. In terms of formation, the Republican candidates are well balanced. Vice President George Bush enjoys much support. His opponent in the presidential election campaign is Robert Dole, leader of the minority party in the Senate. As for the Democratic Party, something keeps going wrong with it. Gary Hart, who originally enjoyed the most support, had to withdraw from the campaign in May because of his involvement in a "love affair" scandal. Now he has "staged a comeback" and rejoined the campaign. However, it seems there is little hope he can win, and the situation has not turned "in favor of" other candidates.

'Roundup' on U.S. Problems

OW282046 Beijing XINHUA in English
1100 GMT 23 Dec 87

["Roundup: U.S. Wraps Up 1987 With More Sorrows Than Smiles (By Bao Guangren)"]—XINHUA headline]

[Text] Washington, December 22 (XINHUA)—The United States stepped into 1987 under the shadow of the Iran-contra scandal, received a telling blow in the most serious stock market plunge in the fall, but ended the year with a Christmas gift—the signing of the intermediate-range nuclear forces (INF) treaty.

First Lady Nancy Reagan told reporters December 17 that "it's not been a great year," "it's been the lowest I think you can get."

A look at the major events that have shaped the United States in 1987 showed that the country had more sorrows than smiles.

The New York Stock Market crashed 508 points on October 19, the sharpest decline in a single day in American history. The plunge has panicked many Americans, who fear it could slow U.S. economic growth in 1988 if it is not reversed, and that a further decline could lead to recession.

October 19 will be remembered as "Black Monday." It was a particular blow for President Ronald Reagan who liked to boast of his economic success. The plunge aroused the concern of millions of Americans over the country's economy.

The huge budget deficit is another headache for the country. After weeks of negotiations, the U.S. Congress approved a deficit-reduction package early today and sent it to Reagan for his signature.

The package would slash more than 32 billion dollars from the projected 180-billion-dollar budget deficit in the 1988 fiscal year which began October 1.

Even with this package, next year's deficit is expected to be greater than the 148 billion dollars in red ink the U.S. Government posted in fiscal 1987.

But Reagan did bring a Christmas present for Americans in this bleak year by signing the INF treaty here with Soviet leader Mikhail Gorbachev on December 8.

The treaty is widely welcomed as an important first step in superpower arms control negotiations which actually reduces the level of their nuclear weapons.

For much of the year—about 11 months—the country was haunted by the shadow of the Iran-contra affair.

Then on November 18, the U.S. congressional committees on the Iran-contra affair, after an 11-month, four-million-dollar probe, released a final report which concludes that Reagan bears ultimate responsibility for the arms scandal that plunged his administration into chaos.

Although Reagan finally walked out of "Irangate," his influence has been weakened and credibility damaged. The nearly one-year investigation has likely made it impossible for him to achieve much more in his presidency.

Reagan was also repeatedly frustrated by the Democrat-controlled U.S. Congress, especially in his attempt to get a new Supreme Court justice confirmed in the Senate.

On October 23, the Senate rejected Reagan's nomination of Judge Robert Bork. Reagan's second nominee, Judge Douglas Ginsburg, lasted for only several days after admitting smoking marijuana when he was young. The third nominee, Anthony Kennedy, is still waiting to be confirmed by the Senate.

There were more confrontations between Capitol Hill and the White House. Reagan resorted to more veto rights than before, so did the Congress in overriding the President's vetoes.

Despite government problems, AIDS remains the biggest fear in the United States. A recent poll showed the deadly disease is the number one fear of Americans. As of December 21, there had been 49,342 AIDS cases, among which 24,070 patients had died by September. About one million to 1.5 million Americans are estimated to be carrying the virus but have not yet developed symptoms.

The third international conference on AIDS was held June 3 in Washington. The conference message showed the concern of Americans and people worldwide over the deadly, incurable disease.

As the 1988 election year draws near, guessing the next occupant of the White House has become a hot topic. So far, 13 announced candidates have lined up for the Oval Office. There are six on the Republican side, which appeared to have strong candidates with Vice President George Bush as the front-runner and Senate minority leader Robert Dole as the major rival.

Former Senator Gary Hart, a promising Democratic candidate, surprised Americans first with his withdrawal from the campaign in May after his widely reported relationship with a Miami model, and late with his re-entry as the 13th candidate in December. The Democrats, however, appeared to be lacking any strong candidates.

JIEFANGJUN BAO on Xizang Policy
HK281021 Beijing JIEFANGJUN BAO in Chinese
8 Dec 87 p 4

[Article by Guo Zhengxin (6753 2973 2450) and Zhao Mingren (6392 2494 0088): "China's Xizang Affairs Brook No Foreign Interference"]

[Text] A Small Number of People in the United States Cling to the Imperialist Policy [subhead]

It is known to all that Xizang is China's sacred territory and that the people of Xizang are a member of the great family of the Chinese nation. For more than 100 years, however, the imperialists and colonialists have constantly stretched their tentacles to Xizang in a vain attempt to break Xizang away from China. In the 1980's, there are still some people in the world gesticulating on the Xizang issue and interfering in China's internal affairs. There are such people in the United States. Last March, the U.S. WASHINGTON POST started an evil wave against China's Xizang policy by carrying a signed article; in June, the U.S. House of Representatives approved an amendment attacking China on the so-called "issue of infringing upon human rights in Tibet"; soon after that, at the instigation of a handful of U.S. Congressmen, the U.S. Senate and House of Representatives approved a resolution concerning the Dalai Lama's visit to the United States, allowing the him to use platforms in the U.S. Congress to advocate "Tibet's independence," to split the motherland, and to undermine nationality solidarity; on 22 September, Claiborne Pell and seven other U.S. Congressmen jointly wrote a letter to Premier Zhao Ziyang, expressing their open support for the "five-point program," which the Dalai Lama put forward in the United States on 21 September with the aim of carrying out "Tibet's independence"; and on 30 September, Tom Lantos and John Edward Porter of the House Human Rights Group, as well as Charles Rose, held a press conference, at which they distributed copies of the joint letter. More serious is that on 6 October the U.S. House of Representatives passed an amendment on the so-called "Tibetan issue" submitted by Claiborne Pell. Confusing right and wrong, the bill slandered China for infringing upon human rights in

Xizang and openly called on the U.S. Administrative authorities to meddle in Xizang affairs and to interfere in China's internal affairs. On 17 November, at the call of the "U.S. Tibet Commission," a number of people held rallies and demonstrations in front of Capital Hill and the Chinese Embassy in the United States. The U.S. Congressional human rights group directly participated in this activity and some congressmen wantonly advocated "Tibet's independence" at the rallies. The disgusting conduct of a small number of people in the United States who, in defiance of the principles governing international relations and in violation of the principles of the joint statements between China and the United States, cling to the imperialist policy and who have repeatedly and grossly interfered in China's internal affairs have reached an extent intolerable to the people of all nationalities in China. The meddling in China's internal affairs by a small number of U.S. congressmen on the Xizang issue can only reveal their ignorance and arrogance. In fact, the Chinese people are familiar with Pell and others. Over the past few years, they have viciously attacked China on numerous occasions on the Taiwan issue, the planned parenthood issue, and the so-called human rights issue. Of course, they have been sternly refuted by the Chinese people.

The Fallacies They Spread on the "Tibetan Issue" Cannot Stand Refutation [subhead]

The American gentlemen who, posing as the "Saviors" and frequently conducting vigorous propaganda on "saving human rights," have imposed upon China many unwarranted charges on the "Tibetan issue," saying that China has "forcibly occupied Tibet," that between 1959 and 1979 "over 1 million Tibetans lost their lives" as a result of politics and famine, and that "millions of Chinese have been transferred to the Tibetan plateau" "in an attempt to make the Tibetan people a minority in their own homeland" and so on. Meanwhile, they also advocated that the Dalai Lama's "five-point program" is a "historic step to deliver the Tibetan people from misery." In their view, Xizang should be broken away from China's territory and become "independent." They did not realize, however, that their wanton attack cannot harm a single hair on our head and that they themselves have been mercilessly mocked by history and reality.

Ever since the Yuan dynasty, Xizang has been under the jurisdiction of China's centralized political power. This is a fact universally recognized by all people. After long struggle, the Han, Zang, and other minority nationalities in China jointly built a unified, multi-nationality socialist motherland and established an equal, united, and harmonious great family of nationalities that help each other. This is evident to all. It is also right and proper for China to exercise sovereignty in its own territory and to put down the armed rebellions or disturbances created by a small number of splittists. If this just action can be called "invasion," we should like to ask those U.S. congressmen whether the revolutionary action taken by

the U.S. federal government headed by President Lincoln in the middle of the 19th century toward the declaration of independence by the southern states and the formation of the southern federal government was a worse offense!

Since the democratic reform in Xizang, the vast numbers of Zang people have become masters of their own affairs, enjoying the right to decide their own fates. Following the improved standards of material and cultural life and the development of public health and medical undertakings, the population of Xizang has increased continuously. In 1951, the population of Zang people in Xizang was only 1,100,000; in 1959, it increased to 1,206,000; and in 1987 it again rapidly increased, to over 1,930,000. According to statistics, of the 2.02 million people in Xizang, the Zang people account for 95.5 percent. There are only more than 73,000 Han people. Moreover, there are also other minority nationalities, such as the Moinba nationality, the Lhoba nationality, the Hui nationality, and the Naxi nationality. In the face of such simple and clear figures, are the fallacies spread by those U.S. congressmen, such as, that in the past "over 1 million Tibetan people lost their lives" in Xizang and "several million Han people have been transmigrated to Xizang" still worth refuting? To slander and attack China, a handful of U.S. congressmen harboring evil intentions have degenerated to such a pitiable extent that they are relying on rumors and lies to get along. It should also be pointed out that most of the Han people in Xizang have gone there to support economic construction and scientific, educational, and cultural undertakings there. They have enjoyed the love and esteem of the vast numbers of the Zang people through their outstanding labor.

A small number of people in the United States keep on slandering China for "infringing upon human rights" in Xizang. Do they say this with the aim of "delivering the Tibetan people from misery"? As everyone knows, for a long time in the past the people of Xizang lived under the cruel serf system; the three major feudal lords (the aristocrats, monasteries, and the previous local governments), which accounted for less than 5 percent of the Xizang population, owned all cultivated land, pasture land, and forests, and most of the livestock. They also owned the person of the serfs and slaves. The vast numbers of the Zang people suffered untold misery. In Xizang today, particularly since the implementation of the policy of reform and opening up, the economy is flourishing. Living and working in peace and contentment, they enjoy full freedom of religious belief and democratic rights. All this is personally experienced by the Xizang people and has been verified by the just and honest foreigners who have been to Xizang. Some U.S. media and tourists have also reported on this matter. When the Xizang Song and Dance Troupe visited the United States some time ago, actors and actresses of Zang nationality got along freely with American people from all walks of life in the streets and lanes. Some American newspapers and magazines highly praised their mental outlook. In total disregard of the practical

situation in Xizang, a small number of U.S. congressmen have openly supported the activities of the Dalai Lama and others to split the motherland. They have done this with the sole aim of restoring the barbarous and cruel serf system in Xizang. If they succeed in this plot, the Xizang people will be pushed back to the abyss of suffering of being ruled by the serf owners. Since they are raising the cry of "saving human rights," does the restoration of the serf system in Xizang conform to human rights?

The imperialist policy of wantonly interfering in China's internal affairs, which is stubbornly upheld by Pell and others in the U.S. Congress, has not only been strongly opposed by the Chinese people but also opposed and ridiculed by the American people and the Western public opinion. Proof of this is that, on 12 September, when the Dalai Lama spouted a stream of empty rhetoric on the so-called "Tibetan issue" at the U.S. House human rights group meeting, only 5 of the group's 100-odd members attended the meeting. Commenting on the support given by some U.S. congressmen for the Dalai Lama's activities, some Western newspapers and magazines sharply pointed out: "Those continuously advocating respect for human rights will probably not appreciate the practice of gouging out the serfs' eyes, cutting off their hands and feet, and even peeling their skins for drums during the period of triumvirate rule of the monasteries, aristocrats, and local governments in Xizang."

Attempts To Interfere in China's Internal Affairs and To Undermine the Unification of the Motherland Are Bound To Fail [subhead]

With regard to the serious incidents of openly advocating "Tibet's independence" and interfering in China's internal affairs created by a small number of people in the U.S. Congress, on many occasions the Chinese Government has solemnly stated its solemn and just stand, that is, Xizang is an inseparable part of China's territory and Xizang's affairs are entirely China's internal affairs in which no foreign countries or people gave any right to interfere; any attempts to break Xizang away from China and to undermine the harmonious unity between the Zang people and the people of other nationalities are resolutely opposed by the all the Chinese people, including the Zang people, and are bound to fail; and it strongly calls on the U.S. Congress to proceed from the overall situation of upholding the friendly relations between the two countries and to immediately cease all activities of interfering in China's internal affairs.

The vast numbers of the American people entertain friendly feelings toward the Chinese people. The common aspiration of the two peoples is to consolidate and develop Sino-U.S. relations. The policy of being hostile to China upheld by a handful of people in the U.S. Congress does not represent the will of the vast numbers of American people. We should proceed from the overall

situation and continue to develop friendship between the Chinese and American peoples. However, we would like to remind a handful of people in the U.S. Congress that repeated cases of interfering in China's internal affairs and hurting the feelings of the Chinese people will only damage Sino-U.S. relations.

The Zang people have the fine traditions of loving the motherland and upholding the unification of the motherland. In the struggle against foreign aggression and interference in the last 100 years or so, the broad masses of the Zang people, together with the other nationalities throughout the country, have shared a bitter hatred of the enemy and struggled in unity, winning victories in various struggles. After the founding of the PRC, the masses of the Zang people resolutely supported the party's leadership and made a major contribution to the peaceful liberation of Xizang by vigorously supporting the entry of the PLA into Xizang. In 1959, they again coordinated with the PLA in putting down the armed rebellion staged by the upper-class reactionary clique in Xizang. Now, Xizang has entered the golden age of all-round development. From both historical and personal experience, the people of Xizang, including monks and laymen of Zang nationality, have understood a truth: The unification of the motherland and nationalities solidarity constitute the fundamental guarantee of Xizang's prosperity and represent their fundamental interests. Xizang is magnificent and so are the industrious, wise, and courageous Xizang people. Under the excellent situation, the disturbances created by a handful of splittists will not damage in the slightest the image of the Zang people, detract from the glory of our great motherland, or undermine the close unity of the great family of the Chinese nation.

Xizang is in the southwestern frontier of our country. Defending the security of China's southwestern frontier, safeguarding the unification of the motherland, and upholding the excellent situation characterized by political stability and unity is the unshirkable duty of the revolutionary soldiers. The incidents of interfering in China's internal affairs created by a handful of people in the U.S. Congress and the activities of splitting the motherland and undermining nationality solidarity carried out a handful of people under the manipulation of the Dalai Lama with the support of foreign forces, remind us that the reactionary forces at home and abroad attempting to split our great motherland have not vanished. On cardinal issues concerning the unification or split of the motherland, we should be sober-minded, make a clear distinction between right and wrong, and struggle with a firm and clear-cut stand against all actions that undermine the unification and unity of the motherland.

Paper on U.S.-Canadian Trade Agreement
HK270644 Beijing RENMIN RIBAO
in Chinese 18 Dec 87 p 7

[Commentary by reporter Guo Wenfu (6753 2429 4395) on 15 December from Ottawa: "Disputes Around the U.S.-Canadian Free Trade Agreement"]

[Text] On 11 December, Canadian Prime Minister Mulroney officially publicized and submitted to Parliament the final version of the Canadian-U.S. free trade agreement, which people had long expected. This pushed the debate over this agreement between the government and the opposition and among all social circles to another upsurge.

The agreement was completed through over more than 2 months of hard talks between the Canadian and U.S. representatives, according to a principled agreement concluded on 4 October. President Reagan and Prime Minister Mulroney will officially sign the agreement on 2 January 1988, and if the agreement is ratified by the two countries' congresses, it will come into force on 1 January 1989.

The 2,500-page agreement includes almost all fields of trade between the two countries. According to the stipulations of this agreement, in the 1st year, tariff on imported goods, including computers and fur goods, which account for 15 percent of the total volume of trade, will be exempted. Meanwhile, the restraints on the import of American cars and wine will also be relaxed. The limit for the purchase of shares of Canadian companies by U.S. investors will be increased from \$5 million to \$25 million; the limit for indirect purchase will be raised from \$50 million to \$100 million. Each year, new items will be included in the scope of free trade. By 1 January 1998, the two countries will remove all tariffs, and the limit for U.S. purchase of Canadian companies will be raised to \$150 million, with no limit for indirect purchases.

In order to adapt the Canadian enterprises to the competition with their American counterparts, the Canadian federal government publicized the results of a survey in 72 industries on 14 December, and pointed out that one-third of these industries need to radically restructure themselves. For example, the manufacturing industry in Canada is plagued with low productivity and high costs compared with that in the United States, and it must strive to produce unique and original products if it wants to survive in the competition with the American rivals.

In recent days, people in various circles successively made statements and speeches to air their different positions on the trade agreement. Canada's largest entrepreneur organization, which is composed of 19 enterprise associations, issued a statement on 14 December to support the agreement, and it held that the free trade agreement will bring prolonged and obvious advantages to all parts of Canada. However, the wine-making, car parts, and food industries held that free trade will harm their interests.

The Progressive Conservative Party's cabinet headed by Mulroney is the advocate of free trade between Canada and the United States. When submitting the final draft of the agreement to Parliament in November, Mulroney said that the agreement is a victory for both Canada and

the United States. However, the two major opposition parties—the Liberal Party and the New Democratic Party—consistently oppose free trade between Canada and the United States. After the final version of the agreement was publicized, the leaders of the two opposition parties immediately issued statements opposing it, demanding that a vote be taken upon it. They claimed that if they come to power, they will scrap this agreement.

Canada is a federal country, and the 10 provinces hold a high degree of autonomy. After the final version of the free trade agreement was publicized, five provinces expressed support; three expressed opposition; and two showed a vague attitude.

Although it is not necessary for the Mulroney cabinet to win support from all 10 provinces in order to bring the agreement into force, because the U.S. Congress will give full consideration to the voice of the opposition forces in Canada, coupled with the complicated process of implementing the agreement in the future, Prime Minister Mulroney still hopes to win support from the provinces. He will therefore meet the prime ministers of the provinces to solicit their support.

People here hold that the publication of the Canadian-U.S. free trade agreement marked a major step forward in the establishment of an integrated North American market. In history, Canada tried negotiating about this three times, but failed. This time, disputes appeared as soon as the negotiations began in June 1986, and differences have not yet been completely reconciled. It seems that such a major dispute which has vital relations with all parties concerned will not easily calm down for a rather long time.

Soviet Union

Soviet Official Admits Purges in Ministry
OW280916 Beijing XINHUA in English
0859 GMT 28 Dec 87

["Official Admits Purges in Soviet Interior Ministry"—XINHUA Headline]

[Text] Moscow, December 28 (XINHUA)—A senior Soviet Interior Ministry official admitted on Sunday that his ministry underwent purges between 1983 and 1985 in which some officials were wrongfully disciplined.

But in an interview with the Government newspaper IZVESTIYA, First Deputy Interior Minister Vasilii Trushin also denied that there were massive purges at the ministry when asked whether these purges, in which thousands of officials were supposedly involved, had led to serious consequences.

Trushin did however admit that purges did take place during an unspecified period between 1983 and 1985 and said that the scope was unduly widened due to "subjective mistakes," although the campaigns were justified under the circumstances.

The upshot of these mistakes was that suspicions were raised against some people and hasty decisions were made to discipline or fire them, he said.

The IZVESTIYA interview gave no reason for the purges nor other details, including the exact number of officials who were purged from the ministry.

In response to some criticism carried by the local press against the Police Bureau at the ministry, Trushin asked the reader to pay attention to the positive trends of public order and security, citing statistics which show that crime rates this year were 8.5 percent down from last year and serious criminal cases dropped by 14 percent.

Trushin acknowledged that drinking-related crimes were brought down by only four percent, compared with a 26 percent reduction the previous year. He admitted that the battle against drug-abuse was still short of interior ministry goals.

Cases of recidivism were on the rise and juvenile delinquency cases were no fewer than last year's, he said.

Trushin blamed the problems on the outdated and clumsy management and bureaucratic ways of some officials at the ministry.

Garment Sales Boost Sino-USSR Trade
HK280930 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 28 Dec 87 p 4

[Text] The restoration of a non-government trade channel between Huaian County, Jiangsu Province, and the Soviet Union has helped overcome the county's recent slump in the clothing trade, CHINA COMMERCIAL NEWS reported.

The Huaian County Garment Factory, with over 1,000 workers, is more than 30 years old. It has long been one of the export-oriented factories in Jiangsu Province due to its high processing skills. Its products have been exported to more than 46 countries and regions in Asia, Europe and the Americas, and in the 1960s were also sold in the Soviet Union. However, such non-government trade between the two countries came to an end for political reasons when relations between the two countries soured in the 60s.

The past several years have witnessed the quick expansion of the factory's production capacity. Its export quota of 560,000 pieces of clothing a year set by the provincial authorities is far less than actual production. In addition to striving for more garment exports to the

United States, West Germany, Japan and other countries, the factory turned its eye to the Soviet market when relations between the two countries began to improve. Efforts made by the factory management to restore non-government trade with Soviet businessmen soon paid off.

In July this year, the factory learned from foreign trade sources that Soviet businessmen were looking for a batch of well tailored clothes from China. They immediately sent samples. The Soviets then ordered 150,000 purecotton poplin shirts worth more than 1 million yuan.

The Soviet businessmen visited the factory in August to examine their fashions and designs. They were quite satisfied with seven varieties of shirts and two kinds of pajamas and ordered an additional 150,000 shirts.

They have also decided to import a total of 1.2 million pieces of clothes from the factory in 1988.

With export of 150,000 garments to the Soviet Union in September, the factory saw a quick increase in profits—more than the profits earned in the first eight months of this year. And the prospects are even brighter for next year.

Increasing Border Trade With USSR Applauded
OW270023 Beijing in Russian to the USSR
1800 GMT 23 Dec 87

[Excerpts] In August we visited the border city of Heihe. It is located opposite Blagoveshchensk City, administrative center of the USSR's Amur Oblast. [passage omitted]

Since PRC-USSR border trade was resumed in 1983, the volume of bilateral trade has been growing yearly. At present, talks between the local Heihe City Export-Import Company and the local Blagoveshchensk City Foreign Trade Company on the signing of a contract on barter trade on compensatory conditions are underway. The reform of the foreign trade system presently being carried out in our country will invariably enliven trade between the border regions of China and the Soviet Union.

Let us, for example, consider Heilongjiang Province as a whole. Since the border trade with the Soviet Union was resumed in 1983, the trade turnover of this province in 1985 reached 30 million Swiss francs, an 11 % increase over 1984. The total volume of the 1986 border trade of Heilongjiang Province with the USSR Far Eastern regions increased by more than 9 % over 1985.

The PRC exports to the USSR mainly grain, oil, foodstuffs, textile goods, light industry goods, vacuum flasks, electric flashlights, and so forth. The Soviet Union exports to our country mainly lumber, cement, chemical fertilizers, glass, rolled steel, and similar goods.

We hope that the PRC and USSR, according to their needs and possibilities, will conclude trade contracts in order to further strengthen their cooperation and friendship.

Russian Writer's Birthday Marked in Beijing
OW242337 Beijing XINHUA in English
0919 GMT 24 Dec 87

[Text] Beijing, December 24 (XINHUA)—A meeting was held here this afternoon to celebrate the 175th birthday of the outstanding Russian writer Aleksandr Ivanovich Herzen.

The memorial meeting was sponsored by the Chinese People's Association for Friendship With Foreign Countries (CPAFFC), the Sino-Soviet friendship Association, the Chinese Writers' Association and other organizations.

Ling Qing, CPAFFC vice-president and V.P. Fedotov, charge d'affaires of the Soviet Embassy here were present.

Herzen was once described by Lenin as a writer who played an important role in preparing the Russian revolution. Many of his works have been translated into Chinese and published in China.

Northeast Asia

Japan's Defense Spending Viewed by Ministry
HK290542 Hong Kong AFP in English 0508 GMT
29 Dec 87

[Text] Beijing, Dec 29 (AFP)—A Chinese Foreign Ministry official expressed concern Tuesday towards the latest increase in Japanese defence spending, asserting that Asian countries viewed it as a military build-up.

"Due to historical reasons, Asian countries, including China, have always been concerned about Japan's military build-up," the spokesman said.

Japan said Monday that its defence budget for fiscal 1988 would exceed for the second year running a ceiling of one per cent of gross national product (GN) imposed in 1976 to limit the growth in defence spending.

The defence budget is to rise 5.2 per cent from the current year to 3.67 trillion yen (29.1 billion dollars) in 1988, amounting to 1.013 per cent of Japan's estimated output of goods and services next year.

Tokyo had previously pledged not to go beyond the one-per cent ceiling until last year when defence spending rose to 1.004 per cent of GNP.

Defence spending has been a contentious issue between China and Japan since relations soured following the disgrace in January of former Communist Party Secretary General Hu Yaobang, a fervent advocate of better Sino-Japanese ties.

China is also upset by its substantial trade deficit with Japan and a Japanese court ruling granting a student dormitory in Kyoto claimed by Beijing to Taiwan.

Paper on Damage to Monuments in Japan
HK250824 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 51, 21 Dec 87 p 1

["Letter from Beijing" by Bao Xin (7637 0207): "Why Is It That 'Hardly Has One Gourd Been Pushed Under Water When Another Bobs Up?'"]

[Text] It was discovered in the morning of the eve of the 50th anniversary of the tragic Nanjing massacre directed by the Japanese invading Army—11 December 1987—that the Young Lady Statue of Peace presented to Nagasaki City in Japan by China was daubed with paint by ruffians. This is the fifth such incident since the Premier Zhou Enlai Poems Memorial in Arashiyama was discovered damaged at dawn on 25 June this year.

Such incidents have occurred time and again in the recent period of less than 6 months and have seriously hurt the feelings and aroused great indignation of the Chinese people. The incident of the Young Lady Statue of Peace has made us recall another incident that occurred in Nagasaki in 1958—the "Nagasaki national flag incident"—in which two mobs rushed into the "Chinese stamps and paper-cut exhibition" and tore a Chinese national flag into shreds. It was a political incident that humiliated China's dignity.

These five successive incidents of damage to Sino-Japanese friendship monuments, no matter whether they occurred in Arishiyama or Nagoya, a friendship city of Nanjing, or in Gifu, a friendship city of Hangzhou, or in Nagasaki, had the purpose of tarnishing peace, damaging Sino-Japanese friendship and showing hostility to the Chinese people. These incidents have again warned us that there is an extremely small number of people who still want to revive militarism.

All five incidents occurred at night. This indicates that the sneaking ruffians dared not to do such things in daylight and dared not face the masses of Japanese people, who are friendly with the Chinese people. They are extremely isolated.

China has an idiom: "One gourd has hardly been pushed under water when another bobs up." The frequent occurrences of damage to Sino-Japanese monuments are worth pondering.

Sino-Japanese friendship was achieved in a difficult way. The Chinese people love peace and treasure the Sino-Japanese friendly relationship that was achieved through much difficulty. In facing these successive incidents, we will ask: How can the relevant Japanese authorities find it difficult to handle these incidents? If those who hate world peace and those who damaged Sino-Japanese friendship are allowed to do illegal things freely, there will be no difference between true and false!

PLA Officers Honored by North Korean Army
HK290920 Beijing RENMIN RIBAO
in Chinese 23 Dec 87 p 6

[XINHUA Report: "Korean Chief of General Staff Confers Medals on Members of Visiting Chinese Military Friendship Delegation"]

[Text] Pyongyang, 18 Dec (XINHUA)—This morning, General O Kuk-yol, Korean People's Army chief of general staff and Korean Workers' Party Politburo member, conferred medals on members of the visiting PLA friendship delegation at the People's Armed Forces Ministry.

O Kuk-yol read an order by the Korean Central People's Committee signed by President Kim Il-song on 17 December, and conferred the Freedom and Independence Medal First Class on Liu Jingsong, head of the PLA delegation, and the Freedom and Independence Medal Second Class and military medals on other delegation members.

Direct Trade With South Korea 'Conspicuous'
OW281301 Tokyo KYODO in English
1245 GMT 28 Dec 87

[Text] Hong Kong, Dec. 28 KYODO—Direct trade between China and South Korea has become conspicuous this year in such commodities as coal, even though the two nations do not have diplomatic relations, Hong Kong's monthly magazine "The Nineties" said Monday.

The magazine also said in its January edition put on sale Monday that many South Korean businessmen have been visiting China for "technical interchanges."

The magazine noted that XINHUA news agency reported in its July 8 Beijing datelined dispatch that China's coal export-import corporation was not only sending its personnel abroad to sell coal but was also inviting major foreign clients to China to permit them to inspect coal production and transportation.

The Nineties said the XINHUA dispatch meant that China was having direct coal transactions with South Korea and that it was inviting Korean businessmen to China.

South Korea and China have been known to have had indirect trade mainly through Hong Kong.

The Nineties said China previously banned direct coal shipments to South Korea out of consideration for North Korea, with which Beijing maintains diplomatic ties.

It said China described the designation of its coal shipments in the past several months as a "port in Southeast Asia" but actually transported them to a port in South Korea.

It also said China is attaching more importance to South Korea than Japan as a nation for the export of its coal, adding that coal bound for Japan is sold for 28 dollars per ton compared with 25 dollars for the shipments going to South Korea.

The Nineties said the Beijing government has been admitting South Koreans into China as "Overseas Chinese or foreign nationals."

It said China received North Korea's understanding of direct trade between China and South Korea on the occasion of North Korean President Kim Il-sung's visit to Beijing in May this year.

Southeast Asia & Pacific

Cambodian Resistance Set To Fight SRV To End
OW280921 Beijing XINHUA in English
0710 GMT 25 Dec 87

["Roundup: Kampuchean Patriotic Forces Determined To Fight Vietnamese Aggression to the End (By Cai Ximei)"]—XINHUA headline]

[Text] Beijing, December 25 (XINHUA)—December 25, 1987 is the 9th anniversary of the Kampuchean patriotic war against Vietnamese invasion. Since the war's fifth dry season (November 1984-April 1985), the central battlefields have shifted from the northwestern border areas to the areas around Tonle Sap Lake and Phnom Penh.

In the past few years, the armed forces of the three factions of the Coalition Government of Democratic Kampuchea have fought the Vietnamese occupation troops deep in the hinterland of the country. Both sides have changed their strategies and tactics in a bid to break the long military deadlock.

The National Army of Democratic Kampuchea began to adopt the tactics of disintegrating the Vietnamese installed regime at the village level in the interior from the end of last year. They organized themselves into small groups to conduct guerrilla warfare, and concentrated their forces to attack enemy strongholds whenever possible. In this way they liberated more and more villages and landed the Vietnamese troops in isolated cities and towns.

The new tactics has proved successful over the past year. According to well-placed sources of Democratic Kampuchea, the resistance forces have liberated and controlled more than 40 percent of the country's 7,000 villages. This situation [words indistinct] the following three aspects:

— The Vietnamese troops now have to widely disperse their forces, dispatching troops to the interior and the vast countryside while guarding the cities and major communication lines.

— The Vietnamese troops' logistics supplies, such as grain, material and recruits, have been reduced by some 40 percent in the areas under their control.

— The anti-Vietnamese forces no longer confine themselves to the jungles but have expanded their military operations deep into the vast countryside. They toppled local puppet regimes and won over their functionaries, and encouraged the people to join in the resistance, thus rendering the Vietnamese in more difficult conditions.

According to war bulletins released by the headquarters of the National Army of Democratic Kampuchea, Sihanouk Nationalist Army and the Khmer People's National Liberation Armed Forces, some 26,000 Vietnamese troops have been killed or wounded this year, and over 4,100 military and civil personnel of the Phnom Penh regime have been discharged.

The Hanoi authorities have come to realize after 9 years that they cannot win the war by military means. Yet, they still refuse to withdraw their troops as a precondition for a political settlement.

Since the beginning of this year, Hanoi has launched a series of "peace offensives," and tried to hoodwink the world public opinion by directing the Phnom Penh regime to concoct a six-point policy for "national reconciliation" on August 27 and a five-point proposal for "political settlement" on October 8.

People have noted that Moscow and Hanoi have talked glibly about solving the Kampuchean issue but made no real changes in their stand, particularly on the crucial issue of Vietnamese withdrawal from Kampuchea.

Samdech Norodom Sihanouk reiterated recently in Paris that he will fight till the last Vietnamese soldier leaves Kampuchea and a 100 percent independent new Kampuchea is created. This is the sincere voice of the Kampuchean nation and the international community and also their firm stand.

If Vietnam is sincere and withdraws its troops from Kampuchea, the obstacle to a political settlement of the Kampuchean issue will cease to exist, and the problem can be easily solved.

SRV Statement on Cambodia Criticized
BK250615 Beijing International Service in Vietnamese
1100 GMT 25 Dec 87

[Text] The 24 December Hanoi news conference statement by Ho The Lan, deputy head of the Vietnamese Foreign Ministry Information Department, shows that Vietnam has in fact refused to send its representatives to hold direct talks with Samdech Norodom Sihanouk.

The National United Front led by Samdech Norodom Sihanouk issued a resolution in Paris on 22 December demanding that Vietnam send a representative to hold direct talks with the samdech.

Answering a question from the XINHUA correspondent as to what observation Vietnam has made in view of this request by the National United Front, deputy head Ho The Lan reiterated a shopworn allegation that Cambodia's internal affairs must be solved by the Cambodian people themselves before Vietnam together with other relevant countries can take part in the second phase of talks and as well in related international negotiations and honoring commitments to those agreed-upon matters.

Vietnam's military invasion of Cambodia is the root cause of the Cambodian issue. The above statement by deputy head Ho The Lan shows that Vietnam, on the one hand, is the invader of Cambodia while, on the other hand, continues to cling onto its position that it is the outsider in the Cambodian issue. This is utter nonsense.

Newspaper Terms SRV Withdrawal 'Farce'
HK280618 Beijing JIEFANGJUN BAO
in Chinese 20 Dec 87 p 4

[Article by Dong Fangtie (2639 2455 6993): "When Will the Farce of False Troop Withdrawal End?"]

[Text] The Vietnamese authorities have many times announced a "partial troop withdrawal" from Cambodia, but this is nothing but a fraud evident to everyone in the world. They recently played this old trick once again; as a Chinese saying goes, they "fried the leftover rice." In order to make the rice fresh and hot, they also added some new "flavorings."

One of the new "flavorings" was to increase the number of soldiers withdrawn from 15,000 to 20,000 to show their "sincerity." However, the hypocrisy of this "sincerity" of the Vietnamese authorities can be easily perceived. Vietnam had announced five "troop withdrawal" actions before the recent one and "withdrew" an average of 15,000 men each time. Including the 20,000 men being withdrawn this time, it should have withdrawn nearly 100,000 soldiers from Cambodia. Even a primary school pupil can perform this calculation. If this is the case, Vietnam should now have only 40,000 to 50,000 soldiers in Cambodia. However, the fact is that more than 100,000 Vietnamese invading forces are still

stationed in Cambodia. People may ask why the Vietnamese forces in Cambodia continued to increase as they were "withdrawn" time and again. Are they able through magic to divide each of their bodies into two or more?

Of course, they do not have that magic. The secret is that the Vietnamese authorities have continually played the trick of relieving soldiers in Cambodia through the form of "troop withdrawal." Before Vietnam announced the recent troop withdrawal, Vietnam sent 14,400 reinforcements to Cambodia in September; after the fresh soldiers became familiar with the battle environment, the Vietnamese authorities withdrew some exhausted forces from Cambodia. This not only maintained the invading army's combat effectiveness, but could also make a pretense of withdrawing forces from Cambodia. They tried to kill two birds with one stone. Even the seven regiments being withdrawn from the forefront are now still almost all stationed inside Cambodia for the purpose of guarding against the patriotic forces of Democratic Kampuchea in the interior areas. The Vietnamese authorities merely "tore down the east wall to repair the west wall" by transferring soldiers to other border areas. Even if they announced such a "troop withdrawal" 60 times, the Vietnamese invading forces in Cambodia would not be reduced by a single man.

Another kind of new "flavoring" was to invite a group of international observers to observe the "partial troop withdrawal." This idea was more fantastic. On one road, the crowds beat drums and gongs to send off the "withdrawn" forces, while on another road, reinforcements were secretly entering Cambodia to take over the garrison duties. There is more than one road in Cambodia, and the observers could not observe all troop movements. Forces "being withdrawn" in daytime can be transferred back at night. The Vietnamese Army can easily conceal its troop movements from international observers. Not long ago, a foreign reporter who personally watched the scene of the "troop withdrawal" said that these soldiers were riding in some rusty vehicles that can be used again in Cambodia after the rust is rubbed off and the bodies repainted. For this reason, few people accepted the invitation to join the observer group.

The third kind of new "flavoring" was the role of Hun Sen, "prime minister" of the Phnom Penh puppet regime, in rooting for the "troop withdrawal." When the Vietnamese began to stage the "troop withdrawal" performance, Hun Sen, who was appointed by the Vietnamese authorities as "prime minister" in Phnom Penh, went hither and thither to win over people's support by "guaranteeing" that Vietnam would withdraw all its forces by 1990. When one side was making vows and pledges, the other was taking some cosmetic action. Their cooperation seemed rather harmonious. It is a pity that Hun Sen in fact is not in a position to make such a promise. As everyone knows, the puppet regime in Phnom Penh was set up and backed by Vietnam with bayonets and is now shaky even though it is propped up by Vietnamese tanks. Once such tanks move away, it will

immediately collapse. Hun Sen has no right to say anything about Vietnam's troop withdrawal because his government is completely dependent on Vietnam. What he can do is merely echo his Vietnamese boss and whitewash what his Vietnamese boss has done.

However, Hun Sen has also said something true. In a recorded speech broadcast by the Phnom Penh radio station, he said that "we must simultaneously fight the battles and conduct negotiations" and "the balance of strength on the battlefield is a decisive factor in the political solution." Without additional explanation, people can easily understand what Hun Sen meant by mentioning the strength on the battlefield. He referred to the more than 100,000 Vietnamese invading soldiers in Cambodia. Hun Sen in fact let the cat out of the bag: The Vietnamese authorities have no intention at all of withdrawing these forces from Cambodia.

The Vietnamese authorities consider their repeated farce of false troop withdrawal as a clever move; in fact, nothing could be more stupid. "A man cannot win a foothold if he loses people's trust." If a country acts in a perfidious manner and tries to gain fame by deceiving the world, it will eventually eat its own bitter fruit.

Vanuatu President Leaves Shanghai for Home
OW250333 Beijing XINHUA in English
1518 GMT 24 Dec 87

[Text] Shanghai, December 24 (XINHUA) — Vanuatu's President A. George Sokomanu and his wife wound up their official and goodwill visit to China and left here for home this evening.

Chinese President Li Xiannian called Ai Zhisheng, chairman of the Chinese government reception committee and minister of radio, film and television, to convey his best regard to the president and his wife when they were about to leave.

Li said, during Sokomanu's stay in Beijing, the two sides held beneficial discussions on issues of common interest and the visit of Sokomanu has furthered the understanding and friendship between the two countries.

President Sokomanu asked Ai Zhisheng to convey his and his wife's regards and thanks to Li Xiannian and his wife. Sokomanu also wishes president Li Xiannian, his wife and the Chinese people a happy new year.

Seeing the Vanuatu's president, his wife and their party off at the airport were Ai Zhisheng and mayor of Shanghai Jiang Zemin.

'Yearender' Views Growth in Southeast Asia
OW231206 Beijing XINHUA in English
1637 GMT 22 Dec 87

["Yearender: Southeast Asian Countries' 1987 Economic Growth Rates Higher Than 1986"—XINHUA headline]

[Text] Hong Kong, December 22 (XINHUA)—Singapore, Thailand, the Philippines, Indonesia and Malaysia this year are expected to see economic growth rates higher than that of 1986, furthering the modest economic recovery in 1986 after the 1985 recession.

These countries are likely to have moderate economic growth next year but would feel certain detrimental effects caused by the U.S. economy's presumable slowdown.

According to latest projection of the Singapore Government, the country will fetch an economic growth rate of 8 percent in 1987, compared with the 1.8 percent increase of GDP [gross domestic product] last year. A 1.6 percent GDP decline was seen in 1985.

The Singapore economy grew by 7 percent, 7.4 percent and 9.4 percent in the first, second and third quarters this year respectively. During the 9 months, the manufacturing sector supported the growth with a vigorous 16 percent hike in the value of its output, compared with that of the same period last year. The electronics and electrical industries did especially well, both registering growth rates of over 30 percent.

The Thai Government has estimated that economic growth rate of Thailand this year will be 5.6 percent, compared with the 4.2 percent growth rate achieved last year.

Two characteristics of the Thai economy attracted attention in recent years: first, a comparatively steady and persistent growth had been maintained; and second, stimulated by demand of their products overseas, the manufacturing industries developed quite rapidly, contributing conspicuously to the incipient transformation of an economic structure traditionally predominated by the agricultural sector.

Thai nontraditional exports like textiles rose markedly in the past two years. As a result, despite depressed prices for traditional agricultural products, total exports expanded by 20 percent last year and about 23 percent in the first 9 months of this year.

Thai industrial production was officially estimated to have increased by 9.7 percent this year (last year's growth rate was 6.7 percent); while its drought-hit agricultural production increased by only one percent. Value of manufactured products now comprises 22 percent of Thai GDP, the share was only 16 percent a decade ago. The share of agricultural products is now 19 percent.

Philippine's GDP for the first 9 months of this year increased by 4.7 percent compared with the year-ago period, and economic growth rate for 1987 is expected to reach 5.1 percent, after successive contractions of the economy in 1984 and 1985 and a near stagnant increase of only 0.13 percent of the GDP last year.

Industrial output is projected by the government to increase by 9 percent this year. But the drought-affected agricultural sector grew by only 0.7 percent in the first semester of 1987.

Indonesia, which had depended on oil and gas exports for one half of its foreign exchange earnings, overcame serious difficulties created by the drastic decline of oil prices in 1986 and a 50 percent reduction of its oil and gas exports income. The country's economic growth rate rose from 1.9 percent in 1985 to 3.2 percent in 1986.

This year, Indonesia's economy will achieve a 4 percent growth rate, estimated government sources.

Major reasons for the economic recovery of Indonesia are: first, crude oil prices improved, and the country's earnings from oil and gas exports in fiscal 1987-88 (beginning April 1) is expected to be higher than originally estimated. Second, non-oil exports such as cement, steel, urea, plywood, car components and batteries increased considerably in the past two years.

The Malaysian economy which relied heavily on exports of oil, palm oil, tin and rubber was hit hard by the drop of prices of primary commodities in recent years. The economy contracted by one percent in 1985 and grew by only 1.2 Percent in 1986. The Malaysian Government estimated that a growth of 2 percent can be achieved this year because of the recovery of commodity prices.

As for economic prospects in 1988, Thailand predicts a growth rate of 5.8 percent, 0.2 percentage point higher than this year. Indonesia officially forecasted that its economy next year would be better than in 1987. Before the October stock market crash, the Malaysian Government also predicted a better growth next year.

However, it is feared that Singapore's economy is vulnerable to possible deterioration of U.S. economic growth next year, as the country depends on the U.S. market for 30 percent of its exports. The official estimate is that a reduction of one percentage point in the U.S. economic growth rate translates into a contraction of 1.4 percentage points in Singapore's GDP.

It is believed that Thailand can sustain better a relative decline of exports to the U.S., because it has a fairly wide spread of export markets. The U.S. market share of total Thai exports have declined from 20 percent in 1985 to 17 percent this year.

However, as the U.S. economy still has considerable impact on the world economy including the South East Asian economies, a widely predicted slowdown of the U.S. economy next year or decrease of U.S. imports from the region would still pose difficulties for these countries.

Members of the Association of Southeast Asian Nations (ASEAN, which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand), since the founding of the group, have intended to develop intra-ASEAN trade and create a wider market within the group through reducing tariffs among the member countries and strengthening of economic cooperation, because all of them, with the exception of Indonesia, has small domestic markets which hampered development of efficient and large scale manufacturing industries. However, because of similarities of their products and competitions among themselves, progress in this field has been slow and remains a target to be achieved.

Near East & South Asia

Newspaper on Ending War in Afghanistan
HK290801 Beijing RENMIN RIBAO
in Chinese 27 Dec 87 p 7

["International Random Notes" by Ren Yujun: "When Will the War Come to an End?"]

[Text] "Wait for me, as I'll return,

"But you must show patience waiting.

"Wait when the pathetic scene of autumn rain
makes you feel sad.

"Wait when there is a fall of snow....

During the period of the great Soviet war to defend the country, numerous epic poems appeared. But how many poems are as stirring as "Wait for Me!" written by Soviet "poet among the soldiers" (Xi-meng-nuo-fu) [6007 5536 6179 1133]? When it was published, 17 Soviet composers vied to put it to music. For a time, in the moat, in the chariot, on the stage, and before the stove, people were either reciting this poem or singing the relevant song.

"Wait!" But waiting did not take too long—less than 4 years. The relatives of the Red Army fighters had the expected victory in the war to defend the country. Numerous families were reunited.

Perhaps, the Soviets considered that given no more invasion by foreigners, there would never be a need to "crave for" the return of family members from the battlefield. They were wrong. Some 30 years later, those people involved in the war to defend the country were sent abroad in the role of aggressors on an expedition to Afghanistan. The battlefield has now existed as long as 8 years, longer than the war to defend the country!

Starting that winter with the invasion of Afghanistan, "a snowfall" has come for the ninth time. With the passing of Christmas, the New Year is just ahead. It is human nature to think of relatives on festive occasions. Of the 100,000-odd Soviet soldiers posted in Afghanistan, how many there are who know how to sing (Xi-meng-nu-fu's) poem "Wait for Me!" giving vent to their own homesickness. They are far from filled with the rousing sentiment of the Red Army fighters in the war of former years to defend the country. But they cannot help asking how long they must keep their relatives waiting. Even given survival, what will be in store for them, once they are injured?

Eight full years have passed. This "minor war" with the strong preying upon the weak has dragged on longer than expected. If it is continued, when will we be able to see the light at the end of the "dark tunnel?" With the invasion of Afghanistan in its 8th year, 20,000-plus Soviet young people have been injured and more than 10,000 have been sacrificed to this war. In this period of "peace," how many of those who have lost their lives at Wa-han [3907 3063] (Wa-han means the battlefield where the Afghan guerrillas and Soviet forces invading Afghanistan have been engaged in repeated trials of strength, with the Soviet Army suffering a heavy toll there) have become "those missed by their wives in the boudoir?"

Those Soviets baptized in the Great October Revolution have a strong sense of distinction between a just war to defend the country and an unjust war of invasion where their feelings of hate or love are concerned. Just listen to the voice of a participant in the war to defend the country: "It is basically wrong to equate the soldiers serving in Afghanistan with those participants in the great war to defend the country! In 1,418 days, the fighters in the war to defend the country grappled with fascism day and night. How can the elimination of fascism be equated with Afghanistan (the war)?"

"The stone tablet of my son's tomb can only show the year and day of his birth. People may think that he died in a fight while drunk!" The father of a son who died fighting in Afghanistan felt indignant, because his cause of death could not be inscribed on the tablet.

Then how is the fate of veterans who have returned alive to the country from Afghanistan?

They "have met with a cold and indifferent attitude. They could not help feeling deep down that the state owes them not a sense of gratitude...." A veteran who was disabled because of being wounded wrote poignantly: "Not all women want the crippled." "Except for my own mother, who has had her full share of pain, no one wants me!"

Still more Soviet people are asking: "When will this war end?" "How long will we be kept waiting?" Yes, people are craving the quickest possible return of their dear ones

from Afghanistan. A worker wrote: "If the sons and daughters of leaders were also sent to the battlefield in Afghanistan, then the war of Afghanistan would have ended long ago!"

"Wait!" Contrary to during the war to defend the country, people have lost "patience" with the war of Afghanistan. The 25 November issue of PRAVDA revealed that the Editorial Department had received more than 1,000 letters and that letters were still pouring in. These letters contained many complaints from the families of the deceased and from those who have served their tour of duty in Afghanistan. With a feeling of pain and nervousness, many readers have asked: "When can the war of Afghanistan end?"

Given the increasing buildup of indignation and hate year after year and the gradual appearance of curses and complaints, who can tell that silence will not one day turn into an eruption!

XINHUA Views Situation in Persian Gulf
OW240518 Beijing XINHUA in English
0232 GMT 24 Dec 87

[*"Gulf Situation—Changes and Future Developments*
(By Yin Chongqing, Qin Dianjie)"—XINHUA headline]

[Text] Beijing, December 24 (XINHUA)—1987 has witnessed the flames of the Iran-Iraq war raging for a seventh consecutive year. Rarely has a regional war since the end of the Second World War developed to a scale that has such extensive international repercussions and involves so many countries. This has made the region the hottest of the "hot spots" in the world, even though some hot spots have been experiencing a military stalemate or even cooled down a bit.

From Land to Sea [subhead]

The 7-year war between Iran and Iraq has experienced some major changes and developments over the past year, with the battlefronts extending from the land to sea and even affected nonbelligerent neighboring countries. It was reported that Iran fired missiles at territorial waters of nonbelligerent Kuwait on five occasions, posing a serious threat to Saudi Arabia and other Gulf states.

The "tanker war" between Iran and Iraq has been expanded in intensity and the number of assaults. About 150 oil tankers and commercial ships, including the world's largest 560,000-ton super-class oil tanker flying the Liberian flag, were reported to have been attacked since the beginning of this year. At least 31 seamen were killed and 20 others missing or presumed dead. It is a case in which "when the city gate catches fire, the fish in the moat suffer" as the Chinese saying goes.

The blockage of shipping routes in the Gulf has gravely menaced the "lifeline of oil transport" to the United States and other Western countries. And the entrance of Soviet oil tankers and warships in April at the invitation of Kuwait has all the more touched the strategic interests of the United States. President Ronald Reagan once declared that the United States "will not stand to see the Persian Gulf fall into the hands of the Soviets". This prompted the United States to send its fleet to escort U.S.-flagged Kuwaiti oil tankers beginning July 22, thus complicating the Gulf situation even more.

The move resulted in a great influx of foreign escort ships on the Gulf waters. It has been estimated that there are more than 90 ships from the United States, the Soviet Union, Britain, France, Italy, the Netherlands, and Belgium gathered in the Gulf, carrying out escorting and mine-sweeping operations. On a number of occasions, the United States and Iran have come into military conflict. If the situation continues, it will greatly aggravate the danger of internationalizing the Gulf crisis.

Political Settlement on Agenda [subhead]

This year has once witnessed the softening of Iran's attitude and change in its refusal of any attempts at international mediation. This sparked hope for a political settlement. On July 20, the 15-member UN Security Council unanimously passed a resolution, calling for an immediate cease-fire and a negotiated settlement. The resolution embodied the earnest desire of the international community to put an end to the Iran-Iraq war, thus becoming the sole basis for a lasting settlement of the conflicts in a comprehensive, fair, and dignified manner.

To implement Resolution 598, UN Secretary General Javier Perez de Cuellar visited Iran and Iraq in September. In December, he invited the envoys of the two countries to New York for further talks.

But Iran stood fast by its demand that Iraq be named the aggressor before it would accept a cease-fire. Iraq persisted in the stand of supporting an official cease-fire before taking other steps for a "political settlement." It is clear that Iran's intention is to make Iraq bear the responsibility of the war and pay indemnity. Iraq wants the earnest implementation of the UN Security Council Resolution 598. But the 2 rounds of mediation efforts by the UN secretary general over the past 5 months have gotten him nowhere. A Ground War in the Making [subhead]

A ground war of unprecedented scale between Iran and Iraq is expected for the coming winter. Iran's political and spiritual leader, Ayatollah Ruhollah Khomeini issued orders on November 20, demanding the nation to "put the war imposed upon Iran above everything else" and "to strive for the quickest possible victory." This was followed by a nationwide mobilization, with 250,000 troops massed on the front and more than 6

million militiamen involved in military exercises across the country. Iran's official statements asserted that "the time is ripe" for launching a large scale offensive against Iraq.

In Iraq, President Saddam Husayn went to the front in person to boost his troops' morale. The supreme military authorities asserted that Iraq had confidence in "repulsing any new offensive by Iran."

Prospects [subhead]

A large scale ground war is likely as is shown by past experiences. This has occurred every year since the war entered its middle phase in 1984 and each campaign took the lives of tens of thousands.

Iran chooses the winter season for a large offensive because winter weather, with cloudy skies and soggy ground, favors the lightly armed Iranians by neutralizing Iraq's superiority in air power and armor.

With the door to international mediation flung open, however, thin are somehow different this year, making it possible to avert a major battle, in which neither side is expected to win. The two countries are almost on a par in terms of economic and military strength and popular support. It is impossible for Iran to secure a position as a "victorious nation" which it has failed to acquire at the negotiating table. For Iraq, it has a powerful, well-equipped army and a powerful military backing from Egypt with which it resumed diplomatic relations not long ago.

A large scale naval war between Iran and the United States seems unlikely, because both sides are rather cautious and restrained in action although bitter in words. Iran has come to see that the deadly fight with the United States can only play into the hands of Iraq and make it difficult to exploit the conflicts between the United States and the Soviet Union. For the United States, it cannot bear to see Iran pushed onto the side of the Soviet Union. Nevertheless, the Gulf crisis will last, sometimes tense, sometimes quiet. There exists the possibility of Iran blockading the Strait of Hormuz as it has time and again threatened to do if its oil cannot be shipped out. But the situation has not worsened to such an extent.

The persistence and spread of the Iran-Iraq war is the internal cause of the tension in the Gulf region and the contention and military involvement of the United States and the Soviet Union are the external causes. The flames of the Gulf War are likely to continue in a vicious cycle of conflicts, tension, and restraint under the shadow of the U.S.-Soviet contention, and Iran and Iraq will continue to live in a period interwoven with complicated military and political struggle. The only way out is a peaceful settlement, for which the UN Security Council cease-fire Resolution 598 has provided the

basis. Only by implementing the resolution sincerely is it possible to bring justice and peace to the two belligerent countries and to have tranquility restored in the Gulf region.

Nepalese King's Birthday Marked in Beijing
OW281136 Beijing XINHUA in English
0749 GMT 28 Dec 87

[Text] Beijing, December 28 (XINHUA)—The birthday of King Birendra Bir Bikram Shah Dev of Nepal was marked at a reception given by Nepalese Ambassador to China Nayan B. Khatri and Mrs. Tanka Kumari Khatri here today.

Vice-chairman of China's National People's Congress Standing Committee Ngapoi Ngawang Jigma was among those present on the occasion.

Muslims Condemn Suppression of Palestinians
OW261718 Beijing XINHUA in English
1611 GMT 26 Dec 87

[Text] Beijing, December 26 (XINHUA)—The Islamic Association of China issued a statement here today, strongly condemning Israel's cruel suppression of the Palestinian residents on the West Bank of Jordan River and in the Gaza Strip.

"We resolutely demand that Israel immediately stop suppressing the Palestinian people and restore their legitimate rights and return their lost land," the statement said.

Facts in the past years show that Israel's cruel suppression of the Palestinian people despite the opposition of the world opinion, the statement goes on, will only arouse stronger resistance of the Palestinian people and the condemnation of the world opinion.

The statement said that following the teaching of resisting oppression and aggression in the Koran, the Chinese Muslims, together with the rest of the Chinese people, resolutely support the Palestinians in their just struggle to restore their national rights.

'Roundup' Reviews Palestinian Struggle
HK280901 Beijing RENMIN RIBAO in Chinese
23 Dec 87 p 6

["Roundup" by RENMIN RIBAO Reporter Wang Shifang (3769 1102 2455)]

[Text] Cairo, 21 December—The surge of the struggle bravely waged by 1.5 million Palestinian people in the West Bank of the Jordan River and the Gaza Strip against Israeli occupation has entered its 12th day. This struggle is unprecedented in its thrust and in its scale. This is a general demonstration by the Palestinian people

in their struggle for national rights. It points to a new height in the struggle of the people in the occupied territories against Israel's illegal military occupation.

On 8 December, a car with about 10 Palestinians aboard in the Gaza Strip was purposely rammed by an Israeli truck and cut in two. Four people were immediately killed and five wounded. The Israeli Army and police looked the other way and let the Israeli driver "run away undisturbed." The second day up to 100 Palestinians of the Jabaliya Refugee Camp demonstrated in protest. The Israeli authorities sent army units to suppress them. The troops blatantly opened fire killing two Palestinians and wounding 15 and also imposed a curfew on the refugee camp. The flames of this anti-violence struggle by the Palestinian people were thus ignited and burned ever more briskly. Nine protest actions, including parades, demonstrations, students' strikes, shopkeepers' strikes, and so forth gradually extended from the Jabaliya Refugee Camp to the whole of the Gaza Strip and Gaza of the area of the West Bank, Nabulus, Bethlehem, (La-malla) [5198 7456 2139], (Xi-bu-lun) [1585 1580 0243], East Jerusalem, and other areas.

The Israeli authorities deployed armed helicopters, tanks and armored cars to carry out suppression. The Palestinian masses defended themselves with rocks and homemade incendiary bottles and used tires as road barriers. They shouted such slogans as "End Israel's occupation" advancing wave upon wave without showing the least fear. The Israeli militarymen and policemen not only opened fire on the masses but let tanks force their way into the masses on parade. They surrounded a hospital forcibly taking away the wounded people under treatment. They beat up doctors and nurses and forbade doctors to enter the hospital to treat patients. They would not allow residents to donate blood for the wounded. According to incomplete statistics, more than 800 people were either beaten to death or injured and more than 5,000 were arrested.

Israel's suppression of the riot has aroused the indignation of the world. The United Nations, the European Communities, the Organization of the Islamic Conference, the Muslim World Alliance, the Arab League, the Nonaligned Movement, and other international organizations quickly adopted resolutions or issued statements sternly condemning Israel's action. The governments of many countries demanded the imposition of international sanctions against Israel, its withdrawal from the occupied territories, the resumption of the Palestinian people's right of self-determination, the convening of a Middle East peace international conference and the ultimate solution of the Palestinian issue. The Egyptian Government successively issued five statements demanding an immediate end to Israel's suppression.

What is worth noting is that the Jewish masses in Israel, the mass media and certain statesmen also opposed the regime's high-handed policy advocating the use of the means of a political solution to end the conflict through

negotiations. On the 19th, several thousand Jews of Israel's "Immediate Realization of Peace" organization also demonstrated in Tel Aviv. Some members in the Knesset put forward the motion calling for a vote of no confidence in the existing government. The YEDI'OT AHARONOT, (NEWS DAILY) [XINWEN BAO 2450 5113 1032], HA'ARETZ, and so forth that carry weight also attacked the authorities for carrying out suppression in Gaza and the West Bank. HA'ARETZ pointed out: "The only way out is a political solution. The legitimate rights and wishes of the residents of the occupied territories must be taken into consideration."

At present, the struggle of the Palestinian people in the occupied territories is still continuing. The situation shows that the Palestinian issue is still the core of the Middle East problem. So long as Israel does not withdraw from the occupied territories, the struggle of the Palestinian people will not stop. By resorting to violent means, the Israeli occupation authorities can never conquer this "burning land" and the Palestinian people.

Leaders Meet North Yemen Counterparts

Deng Meets Salih

OW251101 Beijing XINHUA in English
1033 GMT 25 Dec 87

[Text] Beijing, December 25 (XINHUA)—The 13th Communist Party National Congress concluded this fall has generated a productive force that will further emancipate the thinking of the party and people, senior leader Deng Xiaoping said today.

"Personally it is also a relief for me to be able to retire from my former posts after the congress," Deng said at a meeting with Yemen Arab President 'Ali 'Abdallah Salih at the Great Hall of the People.

China's modernization drive will continue to invigorate the economy, he said.

Deng described relations between the two countries as "precious" and "very friendly" inspiring mutual trust.

Salih called them "extraordinary" and told Deng, "you have a wealth of experience and we can learn much from you."

He was honored to meet Deng who has held few meetings with foreign visitors since the party congress.

He said Arab Yemen follows closely the direction of China's political and economic development.

He believed the Chinese Communist Party's policies are certain to make China strong and prosperous and felt the efforts to bring about reforms and open policy will bear positive results.

"Come what may in the world situation," Deng said, "China's support of the Arab cause and the Palestinian people's just struggle will never change and its position of strict neutrality and active advocacy for peace in the Iran-Iraq war will never change, either."

Chinese State Councillor and Foreign Minister Wu Xueqian and principal members of President Salih's entourage attended the meeting.

Ministers Meet

OW262314 Beijing XINHUA in English
1043 GMT 25 Dec 87

[Text] Beijing, December 25 (XINHUA)—Chinese Vice-Premier Tian Jiyun today held talks on bilateral relations with S. al-Attar, vice-premier and minister of development of the Yemen Arab Republic.

They reached an agreement on China providing a loan to Arab Yemen and unanimity on the use of the loan was attained in principle.

The two vice-premiers expressed satisfaction over the development of friendly cooperation between the two countries. Al-Attar thanked China for its aid to Arab Yemen.

Meanwhile, Chinese State Councillor and Foreign Minister Wu Xueqian conferred with Arab Yemen Vice-Premier and Foreign Minister A.K. al-Iryani on the international situation and regional issues.

They had in-depth discussions on the Middle East and the situation in the Gulf Region.

The two foreign ministers welcomed the signing of the INF agreement between the United States and the Soviet Union. They agreed that the development was only the first step and hoped the U.S. and the Soviet Union would continue to move forward along the road to nuclear disarmament.

Salih Concludes Visit

OW261430 Beijing XINHUA in English
0826 GMT 26 Dec 87

[Text] Beijing, December 26 (XINHUA)—President 'Ali 'Abdallah Salih of the Yemen Arab Republic and his party left here for home today at the end of his three-day official, goodwill visit to China.

Seeing the visitors off at the Diaoyutai State Guesthouse, Chinese President Li Xiannian described the relationship between China and Arab Yemen as "time-honoured".

"Whatever the changes in the world situation, our two countries have all along been very friendly to each other," Li said.

Salih said that his talks with the Chinese leaders over the past two days were useful. He expressed satisfaction with the smooth growth of bilateral friendly ties.

"I believe that my current visit will have a great impact on the Arab Yemen-China relations," he said.

The two leaders also attended the signing ceremony of an agreement on China providing Arab Yemen with a loan and a protocol on implementing the agreement.

The two cooperative documents were signed by Chinese Vice-Premier Tian Jiyun and Arab Yemeni Vice-Premier and Minister of Development M.S. al-Attar.

West Europe

Li Xiannian's European Visit Improved Ties
OW290740 Beijing XINHUA in English
0712 GMT 29 Dec 87

[Text] Beijing, December 29 (XINHUA)—Following President Li Xiannian's visit to Western Europe in November, ties between China and European countries have been strengthened, according to Zeng Tao, vice-chairman of the Foreign Affairs Committee of the National People's Congress.

In an interview with XINHUA, Zeng said China and Europe had stepped up economic, political, scientific and cultural contacts. Zeng, a former ambassador to France and now chairman of the China-Europe parliamentary Friendship Group, said China has always attached great importance to the growth of its relations with West European countries.

Despite the differences between China and West European countries in their social systems, ideologies and cultures, Zeng said, there is much common ground. After the 13th National Congress of the Chinese Communist Party, these countries now have a better understanding of China's policies.

China can learn a lot from European methods of company management, advanced technology and product quality. In turn West Europe is looking to China for new markets to sell equipment, products and technology.

Latin America & Caribbean

Gu Mu Receives Brazilian Governor 23 Dec
OW270127 Beijing XINHUA in English
1110 GMT 23 Dec 87

[Text] Beijing, December 23 (XINHUA)—Chinese State Councillor Gu Mu briefed here today a group of Brazilian visitors on China's political system including the function of the National People's Congress and the involvement of the people in state affairs.

The visitors are led by Governor Fernando Collor of Alagoas State.

Gu, who visited Brazil two years ago, described the country as "big in size, rich in natural resources and having a bright future for development."

Panama Grants Bank of China Representation
OW290800 Beijing XINHUA in English
0146 GMT 29 Dec 87

[Text] Panama City, December 28 (XINHUA)—The Panamanian National Banking Commission granted a representation franchise to the Bank of China in this capital city, it was announced here Sunday.

This is the first branch office established in Latin America by the banking institution of the People's Republic of China.

The Bank of China starts its financial operations with only one representative office in this region. The representative office will be expanded into a bank with a general operation license, sources from the National Banking Commission said.

The Bank of China will establish, through its representation in Panama, contacts and relations with its clients in Latin America, especially with those having trade operations in the Colon Free Trade Zone.

Zhao Nominates Dissidents To CPPCC Posts
*HK291224 Hong Kong Asia Television Limited
in English 1200 GMT 29 Dec 87*

[Text] Two leading intellectuals in China have been nominated to serve the country's top advisory body. Physicist Fang Lizhi and journalist Liu Binyan were both expelled in January following the student unrest. They have now been asked to serve in the Chinese People's Political Consultative Conference. Sources in Beijing say the Party chief Zhao Ziyang has nominated them to show that China can tolerate criticism.

Commentator on Social Consultation, Dialogue
*HK291345 Beijing RENMIN RIBAO in Chinese
18 Dec 87 p 1*

[Commentator's article: "A New Way To Promote Socialist Democracy—on the System of Social Consultation and Dialogue"]

[Text] The tide of reform and opening up is pounding at all parts of the superstructure which are out of keeping with the development of productive forces and various new things are emerging in the turbulent current. In the reform, a new way to promote socialist democracy, namely, an activity of social consultation and dialogue, has emerged and is becoming more lively in China's social life. Since the beginning of this year, on numerous occasions the party Central Committee has called for the institutionalization of social consultation and dialogue. In his report to the 13th CPC National Congress, Comrade Zhao Ziyang explicitly listed the institution of the social consultation and dialogue system as an important aspect of the reform of political structure. The institutionalization of social consultation and dialogue will effectively improve the democratic life of the Chinese people and will push the building of China's socialist democratic politics to a new stage.

In the 30-odd years since liberation, due to various social and historical factors and subjective errors, China has undergone a tortuous path in the development of democracy and our people's democracy is still very imperfect either in system or in form. The people's democratic rights are subject to great restrictions, which has led to narrow democratic channels, imperfect communication between the upper and lower levels, and various other malpractices. This has seriously affected the development of various social undertakings. The situation has markedly changed since the 3d Plenary Session of the 11th CPC Central Committee but it still fails to suit the new situation of reform and opening up today. An important topic of the political restructuring is to explore a new path for building socialist democratic politics in order to "give full play to people's democracy and ensure that all the people can genuinely enjoy the right to administer the country through various effective forms, and particularly to administer local political power at the grass-root level and various enterprises and institutions."

With the in-depth development of the reform, the original balance has been upset in many ways. Under the socialist conditions, social groups with different specific interests will inevitably come into new collisions and conflicts and some contradictions will also come to the surface. All these have to be adjusted through consultation. Moreover, with the development of material production and the raising of the society's cultural and educational levels, the masses of people have widely enhanced their consciousness to participate in government and political affairs. These factors have led to the unprecedented liveliness of social ideas. The people are extremely concerned about reform and find it definitely necessary to express their views and demands. The emergence of the system of social consultation and dialogue under such a historical condition is precisely an effective method by which the party, government, and social organizations can communicate with the masses of the people.

The system of social consultation and dialogue can play a unique role of persuasion and communication because of its specific characteristics. Consultation and dialogue have two most remarkable features: First, its "directness," and second, its "two directions." This method helps clear away misunderstandings and differences and create a harmonious, lively democratic atmosphere; helps the implementation of democratic supervision, eliminate bureaucratism and decadent phenomena; and helps leading bodies listen to the differing views of the masses, reduce errors, and ensure that macro decisions on the reform will always represent the interests of the overwhelming majority of the people in society. Because of these advantages, it has shown its strong vitality as soon as it emerges.

It should be said that the consultation and dialogue held some time ago were still premature and has not been institutionalized. The levels of participation were not sufficiently widespread and the questions discussed were still not sufficiently extensive and thoroughgoing. Our task now is to spread them at different levels and to ensure that all the people have the opportunity to participate in consultation and dialogue to a certain extent and to exercise their rights to administer the state, the political power at the grass-roots level, the enterprises, and the institutions so that the social consultation and dialogue can be institutionalized. As a new-born thing, the system of social consultation and dialogue is still in the stage of exploration and development and its forms will certainly be rich and varied. However, no matter what forms are adopted, they should reflect the basic principle of "raising the opening-up level of the leading organs in their activities and letting the people know important developments and discuss major issues." In this respect, our party and government, especially the 13th Party Congress, have set an example for the whole country and have brought new vitality to the nation's political life. We can spread and apply it in light of the practical conditions in various localities, departments, and units.

The institution of the system of social consultation and dialogue represents an important aspect in promoting socialist democracy. For this reason, it is definitely necessary to raise the democratic quality of leaders of all levels and all the citizens, especially the ideological understanding of the leaders. Now, some cadres still entertain various unnecessary misgivings. They are afraid of hearing critical views, of "losing controls," of lowering their prestige, affecting stability and unity, and so on. It should be realized, however, that without holding dialogues, criticism will still exist and their prestige will drop lower and that it will be conducive to stability and unity to let people raise their views. True, in the course of consultation and dialogue, the morality, cultivation, knowledge, skills, policy level, and work performance of leading cadres will be publicly tested but this precisely shows that the new situation has set a higher demand on leadership work. Leading cadres should be soberly aware of this, work hard to improve their own quality, and consciously accept democratic supervision.

In instituting social consultation and dialogue, the media should give full play to its special role. In the previously conducted reforms, newspapers, magazines, radio, and television have played a great role in transmitting the voice of the party and the government, safeguarding the people's interests, and exercising press supervision. In the new situation whereby the reform of political structure has been placed on the agenda, this newspaper is ready to work together with people of the same trade in the press circles to achieve the reform of our own units while energetically publicizing the reform. We shall constantly explore new forms and methods of press reports and turn newspapers into an important channel for social consultation, dialogue, and communication so as to push forward the reform of political structure.

"We need the power of a thunderbolt and the speed of lightning to invigorate our country and it will be a sad thing if there should be an apathetic atmosphere in which ten thousand horses are all muted." The institution of the system of social consultation and dialogue will be conducive to breaking further the depressing, rigid situation and instilling new vitality to China's political system. The success of the reform depends on the force and spirit of the entire nation. Only by genuinely promoting socialist democracy is it possible to arouse the people's self-confidence, creative power, and sense of responsibility and to attract their participation in the mighty torrent of reform. In this sense, the system of social consultation and dialogue is by no means a reform of the method of ideological and political work but a new, basic form of socialist democracy. It will certainly play an important role in the course of building socialism with Chinese characteristics.

Commentator Urges Study of Congress Report
HK291427 Beijing JIEFANGJUN BAO in Chinese
11 Dec 87 p 1

[Commentator's Article: "Study in a Down-to-Earth Manner, Profoundly, and Thoroughly"]

[Text] All army units throughout the country are seriously studying and implementing the spirit of the 13th Party Congress. Experience in the study indicates that efforts should be devoted to thoroughly understanding the 13th Party Congress documents.

Leading comrades of the CPC Central Committee and the Central Military Commission stressed the importance of studying the 13th Party Congress report word by word and sentence by sentence. This instruction was issued after summing up the past experiences and lessons in study. As everyone is aware, the 13th Party Congress report involves many major theoretical and practical problems. Many of the viewpoints, conclusions, and theses in the report are conducive to the development of the theory on scientific socialism. Without painstaking efforts, it is difficult to understand the essence of the report. To acquire a better understanding of the report, it is necessary to read some reference material and listen to guidance lectures. But it is not good to divert our efforts to the study of other documents.

The 13th Party Congress report is a document of a profound theoretical nature with a strong appeal for practice. It embodies a high degree of combination between theory and practice. We should combine theory with practice in the study of the 13th Party Congress documents. It is necessary to thoroughly study the basic principles of the documents in the light of actual conditions. According to the experiences of some units, the study of the documents should be combined with the experiences and lessons over the 30-odd years since the founding of the PRC and with the historical changes over the last 9 years since the 3d Plenary Session of the 11th CPC Central Committee, so as to acquire a better understanding of the basic national condition that the country is still in the initial stage of socialism and to enhance our consciousness of adhering to the party's basic line. It should be combined with the process of the improvement of our understanding, such as how our understanding was in the past, what changes have taken place in our understanding now, what problems should be solved, what needs to be done in the future, and how to raise our consciousness of keeping abreast with the CPC Central Committee politically and ideologically. The purpose of relating to the actual situation is, of course, to deepen our understanding of the essence of the documents. As to solving practical problems in army units, this will be the second step of our work.

Practice has proved that combination should also be formed between leaders and the masses in the course of studying the documents. Leaders at all levels are required to study the documents well. Apart from this, they are dutybound to organize and guide the study of the documents in their subordinate units. Therefore they are required to study the documents better than others. "If you yourself are confused, you cannot help others have an explicit understanding." Like doing other work, whether a leader's guidance to his subordinates is convincing depends on whether he can set a good example

for them. To do a good job in this important study, leading cadres should have a good understanding of the documents before they can give guidance to their subordinates in their study. In the course of giving guidance to army units in their study of the documents, leaders should also be good at accumulating the masses' experiences, analyzing the questions raised by the masses, and enriching their own study. This will give rise to a situation in which leaders will be able to popularize their study results, the masses will be able to put forth their experiences and questions, leaders will be able to help the masses, and the masses will be able to encourage leaders. With the close combination of the two, each will shine more brilliantly in the other's company.

Explaining and propagating the documents is a good way to unite leaders and the masses in their study of the documents. This method is even more important to promoting the study of the documents in grass-roots units. In the past, on the basis of paying attention to their own study, leaders of some leading organs explained and propagated the documents among the masses and organized them in their discussions, thereby combining propagation with discussion and achieving good results. This proves that the study of the documents can be made very lively. The explanation and propagation of the documents should be aimed at helping the masses understand the essence of the documents. A strict demand should be set for discussions to prevent discussions from being carried out in a perfunctory manner. Based on the serious study of the documents, discussions should be aimed at solving problems of common interest one by one, and full preparations should be made before discussions are held. Everyone taking part in a discussion should be encouraged to speak their minds freely and to find answers to the questions raised during the discussion. If answers cannot be found promptly, participants should refer to the documents. In this way, they will deepen their understanding of the documents.

Dai Yuanchen on Theories of Political Economy
HK241350 Beijing JINGJIU YANJIU in Chinese
No 11, 20 Nov 87 pp 3-10

[Article by Dai Yuanchen (2071 0954 2525): "From Idealistic Theories Back to Realistic Theories—Thoughts About Theories of Political Economy After Reading the Report to the 13th Party Congress"]

[Text] Comrade Zhao Ziyang's report entitled "Advance Along the Road of Socialism With Chinese Characteristics" at the 13th Party Congress is very rich in substance and has made important contributions to the treasure house of Marxist theory. We must serious study and understand it. Here, from the angle of political economy, I would like to present my own experience and thoughts after reading it.

Understanding China's Present Historical Stage [sub-head]

The reason we have adopted the existing principles and policies instead of others lies in the fact that they are linked with China's present historical stage. The report to the 13th Party Congress devotes considerable space to analyzing the initial stage of socialism that China is experiencing and demonstrates the party's basic line during this stage. The concept of the initial stage of socialism was first employed in the 1981 "Resolution on Several Historical Issues Inside the Party Since the Founding of the PRC." It reappeared in the 1982 report to the 12th Party Congress. The issue of the initial stage of socialism was given a very important place in the 1986 "Resolution on the Guiding Principle for the Building of Socialist Spiritual Civilization." Again, in his 18 May speech at the conference for cadres of propaganda, theoretical work, journalism, and the party school, Comrade Zhao Ziyang stressed that China is still in the initial stage of socialism. This means that although China has set up the political and economic system of socialism, its productive forces are still underdeveloped. This finds conspicuous expression in the fact that 800 million peasants of China's population of 1 billion have to rely on old fashioned tools to make their living. And China has not yet realized modernization. Therefore, our socialism is not up to standard but is still in an underdeveloped, immature, and imperfect phase. With an understanding of this characteristic, it is possible for us to avoid errors of a rightist or leftist nature and to develop our construction rather smoothly.

China is still in the initial stage of socialism, and policies corresponding to the initial stage should have been implemented. However, for about 2 decades in the past, the initial stage was bypassed with the implementation of some "leftist" policies. The report to the 13th Party Congress draws the conclusion that China is still in the initial stage of socialism. This conclusion precisely aims at better pushing forward reform and changing those ossified structures that deviate from the actual conditions of the initial stage. Therefore, the theory of the initial stage of socialism is a powerful weapon to release our understanding from the bondage of "leftism" and to push forward reform and opening up.

While correcting the "leftist" practices of the past, based on the theory of the initial stage of socialism, we should avoid giving the incorrect impression that the initial stage of socialism in China can be identified with the period of new democracy in the early years of the founding of the PRC or with the period of the new economic policy in the USSR. Both the period of new democracy and the period of new economic policy were transitional periods between capitalism and socialism. During the transitional period, the issue of whether socialism would overcome capitalism or vice versa remained unresolved. Carrying out socialist transformation on the strength of political power was an important task then. However, our initial stage of socialism today is characterized by the fact that we have already entered into socialist society, and the issue of whether socialism will overcome capitalism or vice versa has basically been

settled. History has proved that capitalism did not work in China. Therefore, when we draw the conclusion that China is still in the initial stage of socialism, this is by no means a retreat to the transitional period between capitalism and socialism. Nor does it mean that policies are being relaxed at present or that a socialist transformation will again be conducted in the future. Nor does it mean that the film will be rewound and shown again. Today, China has already acquired a strong and solid socialist economic base, which is the powerful material guarantee for China to firmly take the socialist road. Only with thorough understanding of this point will it be possible for us to have correct understanding of China's present stage of social development from the angle of the theory of political economy and for us to have full confidence in socialism's prospects in China.

We should guard against another incorrect period of looking at things; namely, attributing the correction of "leftist" practices in the past and the implementation of reform and opening up under way in China today entirely to the fact that China is still in the initial stage of socialism. This way of explaining all theoretical issues and matters of policy on the basis of the initial stage is a fresh expression of a simplistic way of thinking and doing things under new conditions. The report foresees the possibility of the rise of such a tendency and discusses this further from two other angles. On the one hand, with the development of the commodity economy, it is necessary to adopt some managerial methods other than those for small-scale production in the organization and control of socialized mass production, such as putting production materials, capital, technology, and labor service onto the market, issuing stocks and bonds, and forming a contingent of entrepreneurs. While such managerial measures are not necessarily characteristic of the capitalist system, they have been utilized by capitalists. There was some confusion in our understanding regarding this point in the past. As a result, things favorable to the development of the productive forces, the socialization of production, and the development of the commodity economy and modernization were regarded as links to the capitalist system. It was wrongly understood that the adoption of such managerial methods meant adopting capitalism, and the rejection and refusal of such methods were at first linked with socialized mass production. Now that we have made progress in our understanding and adopted these managerial methods through reform, we only have to continuously improve on them, based on the changes in the conditions of development. They have nothing to do with the evolution of social development. These methods can still be used when the initial stage of socialism is over.

On the other hand, in the course of economic development in China, some measures had been taken. They were not unalterable characteristics of socialism. Once conditions have changed, they can be correspondingly adapted too. Examples are some administrative measures in finance and the economy adopted in revolutionary base areas during the revolutionary war, such as the

system of payment in kind, or special measures taken in special historical periods in China, including the compulsory state monopoly over the purchase and marketing of grain and cotton because of shortage, the rationing of several commodities in urban areas, the restriction on the transfer of domicile, especially from the rural to urban areas, the implementation of the policy to isolate the urban from the rural areas to avoid excessive expansion of the urban population, many administrative control measures adopted due to government management of the economy, and so on and so forth. Since conditions have changed, these measures have hindered the development of productive forces. It is clearly incorrect to stick to outdated measures, label them as "socialism" and defend and promote them. Here, the adoption or elimination of these administrative measures is by no means related to the evolution of stages of social development. It is not necessary to wait until the initial stage of socialism is over before considering whether to keep or get rid of these administrative measures. Once they are not effective, changes can be made.

Advantage or Disadvantage to the Development of Productive Forces Is the Only Practical Criterion by Which Truth Can Be Verified [subhead]

During a considerable period of time in the past, it was very difficult to eliminate things "leftist." This was closely related to the pursuit for certain abstract absolute truth in methods of thinking, the use of abstract principles and imagined models to judge life, and the selection of evaluation criteria according to whether they fit inferences in books. The large-scale discussion on practice as the sole criterion of truth held before and after the 3d Plenary Session of the 11th CPC Central Committee was important then in restoring the spirit of seeking truth from facts and breaking through restricted areas artificially set up in theory. However, the concern at that time was whether it was necessary to use practice to verify truth. There was not yet discussion on what yardstick to use to measure truth.

However, we all know that the choice of criteria affects the evaluation. Some comrades who maintain that "the purity of Marxism" should be a criterion for evaluation express doubts about using promoting the development of productive forces as a criterion for evaluation. Of course, we cannot ignore the nature of a social system and simplistically use the development or underdevelopment of productive forces as a criterion to judge that system. However, after the socialist system has been established, when the concern is what policies to adopt in the socialist economy, it is a matter of course that changing poor conditions should be a priority. We must know that poverty is not socialism, nor is it something of which to be proud. In spite of our superior socialist system, poverty and a low world ranking of GNP have weakened the attraction of our socialist system. Therefore, in China, in which the question of "which social system has overcome the other" has been resolved, whether production can be quickly developed is a major

issue involving the people's basic interests and is a major contradiction in China. We should absorb and extend things that can help develop productive forces and target things that hinder and limit the development of productive forces and eliminate them in the reform. White cat or black cat, the one that catches mice is a good cat. Therefore, the report points out clearly that "in short, giving full play to and continuously increasing the attracting of the superiority of socialism ultimately depend on the development of productive forces." "Under such historical conditions, the criterion of productive forces has all the more direct and determining significance."

The use or lack of it of the advantage to the development of productive forces as a practical criterion to verify truth reflects that the report to the 13th Party Congress dialectically uses and develops its profound understanding of the mutual relationship between productive forces on the one hand and productive relations, economic base, and superstructure on the other. For a period of time, people excessively exaggerated the negative effect of production relations and superstructure on productive forces, to the degree that they wrongly believed that production relations and superstructure could do without considering the actual state of productive forces and that the more extensive and more public the ownership, the more superior the socialist system. This "leftist" thinking aimed impatiently at success and purity. The damage it caused to the development of China's productive forces is widely known. The reform measures in the past few years have eliminated the subjective wishfulness of the past and made production relations and superstructure adjust to the state of development of productive forces. In this aspect, serious effort has been made and the result is clear. The report to the 13th Party Congress makes a profound theoretical summary of the reform efforts. This has great significance on how work should proceed and be evaluated in the future. We can foresee that this theory, which uses productive forces as a criterion of evaluation, will have far-reaching impact on practice.

Establish a System With Internal Unity of Planning and the Market [subhead]

For long in the past, people expounded planning and the market from the angle of political economy and tended to regard the two as conflicting. They tended to see market regulation as a form of regulation characteristic of capitalist commodity economy, that it cannot avoid the irrationality, speculation, and instability in the spontaneous regulation of the market, and that since it cannot resolve the contradiction between socialized production and private ownership of production materials, periodic economic crises are inevitable. Therefore, after the proletariat had achieved revolutionary success, the conventional system in socialist countries has aimed at replacing market regulation with planned regulation. In

their expounding, people also associated form of regulation with system. They maintained that planning was socialist and market capitalist.

The conventional system focused on establishing a form in which society regulates according to a preset plan and on establishing an idealistic and harmonious form of economic operation free of irrationality and speculation. However, the one-sided emphasis on production according to planning and state allocation, distribution of products on a monopoly basis, and rejection of the market mechanism, resulted in ossified economic life and low efficiency. The harsh reality has led people to question this theory and start new investigations. In practice, this means that in the reform of their economic system, socialist countries generally try to develop and utilize the market. Reform in some countries aims at designing an economic mechanism that imitates the market operation, and in other countries at direct utilization of market functions. No matter what kinds of reform measures have been adopted, they represent a break from the calculator utopia or "planned utopia" and have brought vitality to economic life. And development in practice has provided new thinking for theory.

The theoretical contribution of the report to the 13th Party Congress lies in its pointing out that both planning and market are means of regulating economic operation and both can be used in socialism and capitalism alike. Whether to adopt a certain means of regulation is a question of method of organizing economic operation. It does not determine the nature of the social economic system. Therefore, capitalist countries today have to various degrees strengthened state intervention in economic operation and implemented different forms of planned regulation. However, the planned regulation has not changed their social economic system, which is based on private ownership. Capitalism remains capitalism. Socialism countries today have to various degrees shifted from rejecting to utilizing the market mechanism. However, utilizing the market has not changed their social economic system, which is based on public ownership. Socialism remains socialism.

In recent years, some bourgeois economists have noticed that capitalist countries are increasing state intervention in their economy and are not letting the market regulate entirely on its own, and that through reforming their economic system socialist countries are expanding market scope and utilizing the market mechanism. These economists pose the theory that socialism and capitalism are converging. If this "theory of convergence" refers to convergence of socialism and capitalism, it is absolutely ridiculous. As mentioned above, the integrated use of planned regulation and market regulation is a matter of method, not system. These theoreticians play the trick of secretly changing the topic, which is not a proper thing to do. However, if this "theory of convergence" refers to convergence of administrative methods, I think it has considerable truth. Since it is an objective requirement

for the kind of economic operation that organizes socialized mass production, and both socialist commodity economy and capitalist commodity economy are socialized mass production, it is only natural that the methods of operation tend to converge.

In recent years, through the practice in the reform of the economic system, we have also realized that how we interpret planning and market often shapes our judgment of things. In the past, planning was narrowly interpreted as only a form of regulation with directive planning, and market was narrowly interpreted as characterized by free and spontaneous regulation. Such an interpretation puts planning and market in a mutually exclusive relationship and the two can hardly be integrated. However, theoretical planning is not only setting targets, but is also the macro-regulation that the state exercises on the national economy. This regulation is realized with the state's conscious use of economic, judicial, and administrative means. Similarly, market is not only free buying and selling. It also refers to the objective existence in commodity circulation of the regulation between the law of value and economic activities. Therefore, in the planned commodity economy of socialism, planning and market cover the economic life of the entire society. In other words, all economic activities of the society are situated in market relations and are also under the guidance of planned regulation. This is precisely the basis on which planning and market can and must integrate.

In recent years, in order to change the ossified and slow state that resulted from the conventional economic system, China has granted enterprises more autonomy in operation and paid attention to giving full play to market regulation. A certain degree of success has been achieved. However, planning and the market have not integrated well enough, so that when the emphasis is on market regulation, planned regulation is relaxed and some confusion emerges, and when the emphasis is on planned regulation, the control is so tight that the economy loses its vitality. That planning and the market contradict each other and a solution is long overdue shows that there are more profound systemic reasons. In other words, if we do not further reform the economic system and the mechanism of economic operation, and resolve the problems of dual value and dual mechanism of operation which have emerged in the course of the transformation of economic model, then the contradiction between planned regulation and market regulation over interest relationship will prevent the two from integrating. Therefore, theoretically we realize that planning and market can integrate and form a system with internal unity of planning and market, but a process is needed in the actual building up of such a system in practice. It also requires the economic relations that are determined by the economic system to form an internal mechanism and realize the generally proportional development of the national economy through the market and under the guidance of planning. This cannot be achieved

with one sentence. Rather, a series of reform and continuous effort are needed before it can be realized. However, setting the theoretical orientations should mean that half of this formidable task has been achieved.

The Focus of the Present Development of the Economy With Multi-Ownership Is on How To Treat Individual Economy and Private Economy [subhead]

In the 22 years between the large-scale socialist reform in 1956 and 1978, we strove to upgrade the ownership system. The cities were basically all under the state economy; in the villages; various levels of government administered the collective economy. The structure of ownership became increasingly uniform. Its basic characteristic is direct administration of the economy by various levels of government.

Practice has proved that to require the structure of socialist ownership to be as pure as possible is unrealistic and unwise. It has dampened incentive and depressed productive forces. Precisely because of this, when China's economic reform started from the village, reform of the relations of ownership and the structure of ownership were priorities. The special form of operation of "contracting output quotas to households with the production team conducting unified accounting" has in fact brought qualitative change to rural relations of ownership. It is a new form of ownership that integrates collective ownership with individual ownership. It has freed peasants from their difficult position in the previous labor system and the distribution system of "eating from a common pot," has enabled an increase in agricultural production to a large extent, and has started the shift from agricultural labor to nonagricultural labor. When this kind of reform extended to the cities, individual economy finally broke through the hard earth like a young seedling. Dumpling vendors, who had vanished for many years, reappeared; vegetable, fruit, and clothing stalls brought life and convenience to city life. Large collective enterprises that were collective in name but were actually like state enterprises are gradually becoming true autonomous collectives that assume sole responsibility for profits and losses. With the country's opening up to the world, various types of joint ventures, cooperative enterprises, and enterprises run solely by foreign businessmen have emerged. In sum, China has shown a shift from uniform to multiple ownership. This is a major reason for the active economy in recent years. The remarkable effect is self-evident.

There should be no doubt that socialist public ownership remains the mainstream in a structure of multiple ownership. Nor should there be any doubt that developing joint ventures, cooperative enterprises, and enterprises run solely by foreign businessmen are called for in the policies on opening up to the outside and drawing in foreign capital. Therefore, what attracts attention in the report to the 13th Party Congress and its role in the development of political economy lies mainly in its

pointing out that individual economy and private economy are tolerated in the socialist economy. It was argued in the past that individual economy would breed capitalism and so one might worry about the future of individual economy. However, individual laborers support themselves by their own labor; they do not exploit others' labor. Although when individual economy is developed, the operation may be expanded and employees may have to be hired and individual economy may become private economy, that is only a possible tendency. It does not mean that individual economy has already become capitalist economy. In the final analysis, individual economy is a subordinate economy. Its existence in capitalist societies does not change the nature of capitalist societies. Similarly, its existence in socialist societies cannot turn them into capitalist societies; nor can it change the nature of socialist societies or shake the mainstream status of public ownership in socialist economy.

The function of individual economy in economic life cannot be replaced by other forms of economy. Individual economy is a self-reliant economy. There is no argument that it must be repelled. People's doubts on individual economy all point to the possibility of individual economy changing into private capitalist economy. If it has been clarified that private capitalist economy is tolerated, all the worries and problems about individual economy can be overcome.

Marxism is critical of private ownership of wealth. However, at the present stage of socialism, having some private capitalist economy is better than eradicating it. The report points out that development of private economy to some degree helps promote production, activate the market, expand employment, and better meet people's needs in various aspects in life. It is a necessary and beneficial complement to public-owned economy. In our present development of production, we do not lack manpower, but rather capital, technology, and management. Allowing private economy to exist helps to pool individuals' idle capital for production and speeds up the transforming monetary funds into production. It can turn potential production factors into active forces. China still has a considerable surplus labor in the urban and rural areas. To absorb it through developing private economy is a way to expand employment. Private economy is usually operated by the entrepreneurs themselves with relative autonomy. It can easily develop features of its own and become a rival of public-owned economy. In this way, the market can be active and the many aspects of people's needs can be met. It can also promote the systemic reform of public-owned economy and the growth of managerial personnel. Allowing private economy to exist and develop in the socialist pattern of ownership demonstrates good effects. Since even private economy is allowed to exist, there will be less obstruction to the reform of the public-owned economy and more extensive measures can be taken.

Private economy is regulated by the market. The profit motive is an important basis for enterprise decision making. The limitations of the scope of enterprise restrain the predictive power of private economy on the market, so there is inevitably a certain degree of irrationality and speculation in private economy. Production in private economy is regulated by the market. Expansion and dwindling are unavoidable, as are disharmony and imbalance, and so instability often results. Production in private economy depends upon hired labor, and employers inevitably exploit employees to various degrees. Part of private economy is also private capitalist economy. Allowing private economy to exist does not mean that this part of it has shaken its capitalist nature and malpractices. However, since we are developing private economy under the control and guidance of a socialist government, we have complete say over it. Its development cannot threaten the mainstream status of our public-owned economy or change the socialist nature of our economy. At present, private economy is only a small proportion of our national economy. It has not been excessively developed. In fact, it has not been adequately developed. If it is more developed in the future, all we must do is soberly assess its nature and problems. We will then be able to adopt the right measures, proceed with the necessary management and guidance, keep its merits and eliminate its problems, and guarantee healthy development of the whole national economy and a reasonable pattern of ownership.

Recognize the Legitimacy of Asset Income in a Multiple Distribution Model [subhead]

Distribution according to labor is an important indicator of socialism and is also a principle of distribution that must be adhered to in socialist economy. However, just as the pattern of ownership cannot be uniform, the model of distribution cannot be uniform either. It should be multiple, too. Apart from the principal model of to each according to his labor and income for individual labor, residents obtain interest from bank savings, interest from bonds they have purchased, bonuses from stocks and shares, and nonlabor income from employees' production. These are all sources of income. The report to the 13th Party Congress affirms the model of multiple income distribution. It points out that "as long as it is legitimate, it should be approved."

An analysis and summing up of the model of multiple income distribution shows that in spite of the numerous categories of distribution, they belong to either one of two groups—namely, to each according to his labor, or to each according to his capital. Marxism has always maintained that social wealth is created from labor and that he who does not labor is not accorded anything is an important socialist principle. An important indicator of socialism is distribution according to the quality and quantity of labor. Does this mean that distribution according to labor is the only model of distribution in socialism? In practice, models of distribution other than that according to labor existed before, such as interest

from bank savings. However, there was no theoretical recognition of the principle of to each according to his capital. In this sense, the report's recognition of the legitimacy of asset income while distribution according to labor remains the mainstream principle of distribution is an important development in the theory of political economy.

As we all know, in China's socialist construction, capital is what we most lack. Shortage of capital results in shortage of production materials, which are associated with productive forces, as well as underuse of our rich human resources. Precisely because of this, China has been paying corresponding interest to bank savings to encourage both urban and rural dwellers to save capital to aid national construction. No one has said this kind of income is illegitimate. And we know that income from capital comes in one way or another. One is the capital-holder's direct investment in the form of bank savings, which yield interest. The other is the capital-holder's direct investment in production. He becomes an owner of production materials and obtains dividends or direct business revenue. The rewards obtained from both direct and indirect investment are both rewards from transfer of capital. The only difference is that interest from savings or bonds are from dividing up profits, while dividends and business revenue are direct profits. As long as we allow private economy to exist, we must recognize the legitimacy of savings interest from indirect investment as well as that of profits from indirect investment. Since we face the problem of insufficient capital and capital is critical to the process of reproduction, we must encourage people to transform part of their income into investment. We must therefore allow people to obtain income from capital, and both direct and indirect investment should be treated the same.

In the socialist model of distribution, distribution according to labor is still the most basic and important form of distributing income, and distribution according to capital is only a supplementary form. However, some individuals own relatively more capital, and so the income they obtain from capital may exceed their income from labor. This may lead to a group of parasites that do not labor. Therefore, effective regulatory measures must be taken to regulate those with excessively high incomes. Such people form only a minority. We should not refrain from doing something necessary for fear of a slight risk and give up on encouraging effective utilization of the resource we lack most: Capital.

From Idealistic Theory Back to Realistic Theory [sub-head]

Much of the content of the report to the 13th Party Congress serves to enrich and develop theories of political economy and many aspects are addressed. The above represents only some highlights of my own study and understanding of it. The rest is not included here. Having traced the theoretical development of the report,

I think we should also seriously understand another feature; that is, the report is substantive. The entire theory in the report is a summary, conclusion, and elevation of practice.

For long in the past, our theoretical workers wrote articles colored with strong idealism and their revolutionary steadfastness and theoretical purity were flawless. Moreover, the idealistic articles that I mention here were a product of hard work and serious research. They differed from nonsenses like "rather have socialist weeds than capitalist seedlings." In spite of this, the application of these idealistic theories to reality has not been smooth. I think this is because actual life is far more complex than the ideal situation. It is not straight like a lane. On the other hand, it may have certain association with revolutionary instructors' theoretical assumption of a future society free of commodities. Difficulties are inevitable in the design of an economic operation that does not utilize commodity-money relationship in modern socialized mass production.

Marxism is continuously developing through practice. The vitality of Marxism lies in its development. The 3d Plenary Session of the 11th CPC Central Committee suggested shifting the emphasis to economic construction so that various "leftist" theories formed during the era of "taking revolutionary struggle as the key link" could gradually be overcome and corrected. "The Party Central Committee's Resolutions on Reform of the Economic System" passed at the 3d Plenary Session of the 12th Central Committee pointed out that socialist economy is a planned commodity economy built upon the foundation of public ownership. This understanding was reached only after several decades of practice making erratic progress. It was not easy, but it opened up a new channel for solving a series of problems in our understanding of theories. The report to the 13th Party Congress has also allowed many new theoretical developments. It points out that China is still in the initial stage of socialism. The main features of this stage are as follows. First, China has established a socialist system, and to practice capitalism at this time is regressive. Second, China's productive forces are still backward. Therefore, developing productive forces is a fundamental task at this stage. A major indicator to judge whether economic reform policies and other economic policies are correct or wrong and progressive or regressive is to see whether it is advantageous to liberating productive forces. For about 100 year, we must start from the reality that China is in the initial stage of socialism, and we must decide our policies on reform and opening up and develop our economic theories based on this reality.

Marx was the founder of Marxist political economy, but during his lifetime there was not yet a socialist country. Based on his profound analysis of the contradictions in capitalist economy, Marx envisaged that the future of social development would be building socialism on the basis of public ownership of production materials. However, the socialism he envisaged is only a future or

distant view, and it is only natural that the future society that he sketched be colored with idealism. It is problematic, however, for us as members of later generations to confine ourselves to idealism and ignore the reality in our actual construction of socialism. In the hundreds of years or so since the death of Marx, there has been development in capitalism on the one hand and the emergence of many socialist countries on the other. Productive forces have reached a record high level worldwide, and the degree of socialized production has risen tremendously. We must not only see socialism as the opposite of capitalism. Rather, we should also see it as a successor to capitalism and that there are similarities between the two in the management of socialized mass production. Therefore, when we construct socialism, we should not rashly negate some measures just because they have been adopted in capitalism. We should rather see whether they are of any use of socialist mass production. Theory should return to reality and be applied to reality.

Reform must speed up and theory must keep pace with it. The responsibility of theoretical work is heavy. Comrade Zhao Ziyang's report has set a glorious model for us to show how scientific Marxist principles can integrate with practice in the construction of Chinese socialist economy. The important task for China's economic theory workers is to study the report, understand it, thoroughly investigate the new conditions and new problems that emerge in socialist construction with Chinese characteristics, and further develop Marxist political economy. I believe that thorough study and understanding of the report will bring us to a new stage in the research on theories of socialist political economy.

Jiang Qing Said Unlikely To Appear in Public
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29 Dec 87

[By Pierre-Antoine Donnet]

[Text] Beijing, Dec 29 (AFP)—Jiang Qing, widow of Great Helmsman Mao Zedong, is so detested by the Chinese people that she will most probably end her days without reappearing in public, analysts say.

There are contradictory reports about what has become of the 74-year-old former Shanghai starlet who stole Mao's heart and became the Red Empress of the Cultural Revolution which proved a course to disaster.

The Justice Ministry Monday denied a report in the Hong Kong-based FAR EASTERN ECONOMIC REVIEW that she had been released from prison and was living in a suburban Beijing villa.

If it is true that the woman who ordered widespread persecution and killing during the Cultural Revolution is no longer in prison but enjoying life outside, the masses would be outraged, analysts said.

Jiang Qing was jailed for her role as a member of the "Gang of Four" that ran China during the last years of the 1966-76 Cultural Revolution.

It is doubtful that she is being held in a damp cell, but is probably afforded preferential treatment and relative comfort, the analysts say.

But Jiang Qing remains a taboo subject in China where the government does its best to keep her name out of the public eye. The official press has not written one word about her since she was condemned to death with a two-year stay of execution in 1981, commuted to life imprisonment in 1983.

At the beginning of the year, a rumour that Jiang Qing had throat cancer was scotched by police who said she was suffering ailments common to anyone of her age.

Informed Chinese sources say Jiang Qing has been living for a year outside the Qincheng prison in the north of the city, the jail reserved for disgraced government officials.

Some sources say she has been transferred to a military hospital where her daughter, Li Na, pays regular visits, driven by her mother's former chauffeur.

Jiang Qing, a second-rate movie actress of 1930's Shanghai, became Mao's fourth wife in 1938, despite protests from the Communist Party Politburo which made her pledge never to enter politics.

But at the the beginning of the 1960's she broke that promise as she began to extend her influence over the literary and artistic fields. When her husband launched the Cultural Revolution in 1966 to boost his political influence, she took advantage of the ensuing chaos to propel herself quickly to the top, becoming the dreaded leader of millions of Red Guards and later of the radical Gang of Four.

Affiliating herself to the revolutionary thoughts of Mao, widely believed to have become senile in the closing years of his life, Jiang Qing devoted herself to the systematic purge and sometimes the actual elimination of thousands of political opponents and the people who in the past had eclipsed her mediocre talents.

On the night of October 6, 1976, less than a month after the death of Mao, she was arrested along with the other members of the Gang of Four—Yao Wenyuan, Wang Hongwen and Zhang Chunqiao.

At the time of her trial, the press said that the announcement of the death sentence had delighted the masses.

Today, her name means little to those who did not suffer the atrocities of the Cultural Revolution. But analysts said that for many others, a disclosure that Jing Qing was free would be a profound shock, producing feelings of repugnance which the regime of Deng Xiaoping would rather were not unleashed.

Zhao Ziyang Inspects Chang Jiang Sanjiaozhou
OW290021 Shanghai JIEFANG RIBAO in Chinese
25 Dec 87 P 1

[By reporters Sang Jinqun, Ding Renyao, and Di Wutong]

[Text] Zhao Ziyang pointed out during the inspection:

— The Chang Jiang Sanjiaozhou area must choose a correct import and export strategy. On the basis of the international market demands and our own strong points, positive efforts should be made to develop those export-oriented industries and export products that have a competitive edge and can give quick and great results.

— At the initial stage of the development of an export-oriented economy, a lot of things should be done "simply and economically." Meanwhile, it is necessary to promote the combination of labor-intensive and knowledge-intensive production. This means that there should be advanced product designs and that the laborers should have a fairly high level of intelligence and skills so as to turn out high-quality products even by traditional processes. The village and town enterprises in the Chang Jiang Sanjiaozhou area should act as new reinforcements in promoting export to earn foreign exchange.

— In developing the export-oriented economy of the Chang Jiang Sanjiaozhou area, Shanghai's role should be brought into full play, while the Jiangsu-Zhejiang area should act in accordance with economic laws and go all out to associate with Shanghai without being restricted by different administrative districts. Shanghai should open itself even wider, not only to foreign countries but also to Jiangsu and Zhejiang.

Chang Jiang Sanjiaozhou in the early winter presented a thriving scene. In the vast expanse of fields are verdant wheat seedlings. Machines in numerous factories were running swiftly. Markets, big and small, were filled with bustling people.... Famed as a "golden triangle," this area is becoming more prosperous and affluent each day since the 3d Plenary Session of the 11th CPC Central Committee.

From 23 to 27 November 1987, Comrade Zhao Ziyang, general secretary of the CPC Central Committee, was in Jiaxing and Suzhou cities on a work-inspection tour. He carried out investigations and studies on the question of the strategy for further accelerating the development of an export-oriented economy in the Chang Jiang Sanjiaozhou area.

A Very Opportune Time To Develop an Export-Oriented Economy [subhead]

On the evening of 23 November, a small building of the Jiaxing Guest House was brightly lit. Here, Comrade Zhao Ziyang, who had arrived in Jiaxing at noon of that day, was holding discussions with Xue Ju, secretary of the Zhejiang Provincial Party Committee; Shen Zulun, acting Zhejiang governor; Han Peixin, secretary of the Jiangsu Provincial Party Committee; Gu Xiulian, Jiangsu governor; Zhuang Hongze, secretary of the Jiaxing City Party Committee; and Gao Dezheng, secretary of the Suzhou City Party Committee.

The Chang Jiang Sanjiaozhou area has fostered an enormous potential for promoting export to earn foreign exchange as a result of the more than 30 years of hard pioneering work since the founding the People's Republic and through the vigorous development over the last 8 or 9 years. It has a developed traditional agriculture and huge industrial enterprise groups with their own categories of products. Here, laborers and managing personnel are more proficient, and progress made toward industrialization and urbanization is a step ahead, compared with the hinterland. Since the end of 1984 when the Chang Jiang Sanjiaozhou area was announced as an area open to the outside world, it has made considerable progress in developing the export-oriented economy. This year the total amount of products purchased from Jiaxing and Suzhou Cities for foreign trade requirements is expected to reach some 2.2 billion yuan.

Comrade Ziyang attentively listened to provincial and city leaders' reports. He recognized what the Chang Jiang Sanjiaozhou area has done in recent years to develop exports. Comrade Ziyang said: Chang Jiang Sanjiaozhou area should be further opened to the outside world and expand trade with other countries. For that matter, it is important to choose the right import-export strategy and, based on the international market's demand and our own strengths, to develop export industries and goods that are competitive and show quick results and high profits. In recent years, rapid change has taken place in the global economy, with production of labor-intensive goods being shifted toward developing countries and regions. This trend provides us an excellent opportunity to press ahead with our exports. With better technology, facilities, corporate culture, and product quality compared to other areas, Zhu Jiang and Chang Jiang Sanjiaozhou can capitalize on their strengths, i.e., Zhu Jiang Sanjiaozhou having proximity to Hong Kong and Macao, while Jiangsu and Zhejiang having Shanghai, to venture out and enter into the international market.

The General Secretary pulled out a pack of material he brought along on economic development strategy and read it to the provincial and city leading comrades in attendance. Comrade Ziyang pointed out: There is a total population of about 50 to 70 million in Chang Jiang and Zhu Jiang Sanjiaozhou, and in the 3 southern Fujian

cities of Xiamen, Zhangzhou, and Quanzhou. In the future, our open areas will continue to expand to include Liaodong and Jiaodong Bandao, thereby having a total population of 120 million. In not a long time frame, this population of 120 million will enjoy a living standard close to and on par with that of Taiwan residents, which will be of significance to implementation of "one country, two systems" and to reunification of China.

Focus on Developing Export of Labor-Intensive Products [subhead]

In 5 days, Comrade Zhao Ziyang visited 12 enterprises in Jiaxing and Suzhou city, making extensive contact and holding conversations with top management, technicians, and workers to understand in depth these enterprises' exports and foreign exchange earnings.

Situated in Zhulin Township on the outskirts of Jiaxing City, Jiaxing Tack Plant produces 1,200 metric ton of tacks annually, one third of China's total output. It has over 1,000 workers, the majority of which are young women with junior high school educations. Comrade Ziyang toured the material loading, forming, and packaging divisions of the plant with great interest. Scraps shipped from Shanghai are loaded into a punching machine glittering from hard rubbing, and, with a "ka-cha, ka-cha," noise myriads of shiny tacks pour into a container. Comrade Ziyang said: "Nice quality." Pointing to the eye-catching packing boxes with white wording in red background, he said: "The packing is pretty, too." The tacks sell for only 0.04 yuan, carrying 0.01 yuan of profit to the plant. Vice-minister of Foreign Economic Relations and Trade Li Lanqing, who went along on the tour, said: "Sells well." Plant Director Tang Shaofu reported: "We now export 200 metric ton of tacks each year, not a very large quantity, which only generates over \$200,000 in foreign exchange." Comrade Ziyang laughed and said: "Over \$200,000 is not bad." He asked: "How much are the plant's fixed assets?" It is 2.6 million yuan and this year the profits can amount to 2.6 million yuan, answered Plant Director Tang, "In 1 year the investment can be recouped." With satisfaction Comrade Ziyang said yours being a labor-intensive enterprise, the economic benefits are not bad. Plant Director Tang Shaofu went on to report that next year via technological renovation the plant will go from semi-automatic to fully automatic, combining labor-intensivity with advanced technology. Zhao Ziyang nodded approvingly.

Jiaxing Tack Plant, Jiaxing Standard Elements Plant, Jiaxing Silk Knitting Plant, Wujiang Embroidered Garment Plant in Wujiang county's Beiku, and others visited by Comrade Ziyang are all labor-intensive enterprises. On many occasions during his tour Comrade Ziyang mentioned: China, especially in the rural areas, has a large labor force, which is one of our strengths. We should make good use of this strength to promote export of labor-intensive goods so as to ride along the shifting trend of the international market.

No matter which factory he visited, Comrade Ziyang always wanted to know about its operation and management. He pointed out: Although our present labor cost is low, productivity is also low. This to a great extent undermines the advantage of cheap labor and holds back our competitiveness in the international market. The key to alter this situation is to strengthen reform as well as to enhance and improve business management.

Comrade Zhao Ziyang pointed out: The characteristics of labor-intensive production are: it does not require a lot of capital, equipment, or automation; therefore, it does not need a large scale of infrastructural construction. During the initial stage of the development of export-oriented economy, we should make do with whatever is available. Meanwhile, we should integrate the labor-intensive model with knowledge-intensive one, that is, the design of products should be modern, which requires intensive knowledge, as a higher level of workers' intelligence and technique does. This way, even if the conventional processing method is used, high-quality products can also be manufactured. We certainly will not exclude the integration of the labor-intensive model with the technology-intensive one; that is, its organic structure will require more capital and more advanced equipment, for it is necessary for some enterprises and for certain products.

To promote the export of labor-intensive products and to take part in international exchange with an eye to obtaining capital, technologies and materials for China's modernization will definitely push forward the industrial and agricultural progress of this area. Therefore, a clearer and more specific direction can be seen for Chang Jiang Sanjiaozhou's future economic development, which will also encourage tens of millions of people in Chang Jiang Sanjiaozhou to work enthusiastically.

Turn the "Two Outward-Bended Ends" to the International Market [subhead]

Coastal areas, Chang Jiang Sanjiaozhou in particular, are all densely populated and have scarce resources. Such features have determined this area's processing industrial structure. Jiangsu Province has called its import of raw materials from, and export of products to, other provinces "two outward-bended ends". During his inspection tour, Zhao Ziyang pointed out to other comrades around him: "Outward" currently means outside the province only. It is necessary that Jiangsu turn its "two outward-bended ends" to the broad international market.

Kunshan County had allocated a 3.75-square-kilometer land lot on the east side of the county, on which it built a new industrial zone with private funds that, through all sorts of preferential measures, has attracted 17 domestic and foreign enterprises to make investments or take up joint ventures. Seeing the new factory compound upon his arrival, Comrade Zhao Ziyang happily praised the

Kunshan comrades for establishing such a "private-funded development zone". He inspected a Chinese-Japanese joint venture — the Kunshan Sailuda Limited Company. This company was founded by a township enterprise and a Japanese company; both parties have invested U.S.\$1.8 million to import a whole set equipment for the production of soft foamed plastics, with which the company then manufactures cushions, mattresses, and tatamis. Most of these products have entered the international market. In the foaming room, a 5 or 6-square meter piece of foamed plastic was slowly moving away from a foaming device and proceeding to next processing link. Comrade Zhao Ziyang elatedly looked at the operation and inquired about functions of machines and about the situation of the joint venture.

In the cutting room, Comrade Ziyang squeezed the soft foamed plastic. Realizing that a previous production stage will be affected by a lagging stage next to it, he said: It is imperative to improve the processing operation of the next stage. You should take the lead in mobilizing other township enterprises to manufacture goods for export.

Comrade Zhao Ziyang said: To facilitate export with import by importing part of raw materials and exporting finished goods processed by township enterprises is an effective way to expand exports.

Township Enterprises Should Be a Vital New Force in Earning Foreign Exchange through Export [subhead]

On the afternoon of 25 November, Comrade Zhao Ziyang visited Wujiang County's Dasheng Footware General Plant.

Xiao Shuigen, who before long was elected one of nation's ten outstanding farmer-entrepreneurs, tightly held Comrade Zhao Ziyang's hands in front of the plant as the latter emerged from his car. More than 2 months ago, Xiao Shuigen was warmly received by the General Secretary at Beijing's Zhongnanhai. "There is no need for introduction since you both are friends by now," said Comrade Gu Xiulian with a smile.

"We know each other; we know each other," said Comrade Zhao Ziyang.

Comrade Ziyang looked at the whole process of shoe production. In the wrapping room, picking up and examining a pair of shoes, he asked: How are sales doing?"

Xiao Shuigen replied: Not too badly. With our sales agents in Beijing and Shanghai, we sell 60 % of our own products ourselves.

Comrade Zhao Ziyang said: We should pay equal attention to the two markets. We must not merely be satisfied with good sales in the domestic market; moreover, we should aim our sale at the international market.

Xiao Shuigen reported that 30,000 pairs of shoes have been exported this year, and the volume is expected to reach 150,000 pairs next year.

Comrade Ziyang then asked Xiao Shuigen: Do you dare to take part in international competition and strive for a place in the international market?

After a short pause, Xiao Shuigen continued: Our plant plans to bring in four production assembly lines so as to expand our production capacity and to improve product quality. We are also considering further upgrading our products and increasing exports through cooperation with foreign trade departments. Comrade Ziyang nodded.

Stopping in front of a sign that read "The plant will achieve 100 million yuan output value and 10 million yuan profits by 1990", Comrade Ziyang asked Xiao Shuigen: Can "Export 500,000 pairs of shoes" be added? Xiao Shuigen replied: "We shall definitely strive to achieve that goal!"

During his inspection tour, Comrade Zhao Ziyang repeatedly stressed that township enterprises in the Chang Jiang Sanjiaozhou area should become a vital new force in earning foreign exchange through export. Township enterprises in this area have gone through an important process of growth proceeding from the initial stage of manufacturing goods with local materials and selling them on the spot to present stage of aiming at the broad domestic market with strong local foothold. Today, as the Chang Jiang Sanjiaozhou has assumed a new strategic task of further taking part in international division of labor and competition to a greater extent, the township enterprises of this area should undoubtedly climb up to another new stair of developing an export-oriented economy.

Among the 12 enterprises visited by Comrade Zhao Ziyang during his inspection tour, the following are township enterprises: Jiaxing Tack Plant, Jiaxing Standard Elements Plant, Jiaxing Silk Knitting Plant, Jiaxing Yarn-Dyed Fabric Mill, Wujiang Embroidered Garment Plant, and Dasheng Footware Plant. Comrade Zhao Ziyang said: Township enterprises, with their flexible mechanism, strong sense of competition, and expedient operation are able to meet the demands of export for "wide selection, small quantity, and fast delivery" and are capable of participating in international competition with their strong adaptability. During the course of Chang Jiang Sanjiaozhou's development of an export-oriented economy, the township enterprises should strengthen their role.

Shanghai Should Play a Key Role in Chang Jiang Sanjiaozhou's Economic Development and Be Its Window to the World [subhead]

At around 0800 on 26 November, Comrades Hu Qili, Jiang Zemin and Rui Xingwen joined Comrade Zhao Ziyang in Kunshan by driving from Shanghai early in the morning. Comrade Zhao Ziyang proposed to the leading comrades of Jiangsu, Zhejiang and Shanghai that it is imperative to bring Shanghai's role into full play during the course of developing an export-oriented economy in Chang Jiang Sanjiaozhou. As for Jiangsu and Zhejiang, they should cooperate with Shanghai in accordance with economic regulations, acting beyond administrative zoning limitations; while Shanghai should be more open, not only to foreign countries but also to Jiangsu and Zhejiang.

A great number of success stories of export through cooperation between areas or between enterprises are emerging in Chang Jiang Sanjiaozhou. Jiaying Nanhu Yarn-Dyed Fabric Joint Group is one of such examples. While inspecting this enterprise in Jiaying, Comrade Zhao Ziyang showed great concern over this group's operation by asking: "Do the members of the group export goods individually?" The person in charge of the group replied: Since the First Business Department of the Shanghai Textile Import and Export Corporation is one of our members, five-sixths of our products are exported through Shanghai. During the 8 months since its establishment, the group's export volume this year has increased by 17 % over same time last year. Comrade Zhao Ziyang said: To export through Shanghai is a correct direction. Zhejiang's Acting Governor Shen Zulun interrupted: Plenty of Zhejiang's tea leaves are also exported through Shanghai. It is historical to export through Shanghai, and we support this aspect.

Jiaying Mayor Zhou Hongchang reported to Comrade Zhao Ziyang: Jiaying City's exports go to both Shanghai and ports in Zhejiang in nearly equal amounts. Presently there are many enterprises in Jiaying City that have formed integrated foreign trade establishments with Shanghai, utilizing each other's strengths with good results. Last year Jiaying City's gross purchase of export goods amounted to 450 million yuan. Comrade Zhao Ziyang said: Shanghai port has been in existence for over 100 years. Shanghai is experienced in foreign trade negotiation and has customers. Geographic boundaries should not exist in a commodity economy nor in exporting and earning foreign exchange.

Chang Jiang Sanjiaozhou has long been known as "a land of silk." Three out of the four major silk producing areas in the country are found in the region. In his tour of Jiaying Silk Spinning Mill and Jiaying Silk Knitting Plant, Comrade Zhao Ziyang found out that at present the silk industry in Chang Jiang Sanjiaozhou is still exporting a sizable amount of semifinished products, such as white filature silk, which do not have much added value; and pointed out it is necessary to promote garment export and that all localities should put behind regional separatism and join hands to promote sophisticated processing of resources.

In his visit to each enterprise Comrade Zhao Ziyang tried to find out the sources of raw material, the division of earned foreign exchange, and workers' bonus policies. He was very concerned about foreign trade reform. Comrade Zhao Ziyang pointed out: To ensure steady development of export-oriented economy, it is essential to create an effective mechanism to ward off fluctuation of the global economy. By utilizing this mechanism, an industry, a region, or even the whole country, may jointly bear the risks and protect the interests of exporting enterprises as well as peasants. Ours is a large country with a large domestic market, which provides great flexibility and which should be a strong shield against fluctuation of global economy.

It is an honorable mission of the cadres, entrepreneurs, technicians, workers, and peasants in the Chang Jiang Sanjiaozhou area to accelerate development of export-oriented economy in the region. Under the leadership of the central authorities and concerned provinces and municipality, let us heed Comrade Zhao Ziyang's instructions, join hands, work hard, and establish ourselves in the international market.

Li Peng Presents Technology Project Prizes
OW290153 Beijing XINHUA Domestic Service
in Chinese 1245 GMT 25 Dec 87

[By Xu Kehong]

[Text] Beijing, 25 Dec (XINHUA)—Four key technologies and equipments were awarded state citations and three others awarded State Excellent Equipment Awards at a commendation meeting held today by the State Key Technology and Equipments Advisory Group under the State Council.

The four equipments winning the state citation were: a complete set of positron-negatron impact machines in Beijing, a complete set of opencast mining and processing equipment capable of producing 10 million metric tons of coal a year, a complete set of equipment capable of producing 520,000 metric tons of urea a year, a complete set of equipment capable of producing 15,000 metric tons of polyester fiber. The equipments awarded the State Excellent Equipment Awards were: a complete set of thermal power generators capable of generating 300,000 kilowatts of electricity, a 500,000-volt superhigh voltage power transmission and transformer system, and the Yun-12 light multipurpose plane. Recommended by respective departments in charge of developing the key technologies and equipments, the award-winning projects together with the 197 units taking part in their development and manufacturing were selected in a process of recommendation from their supervisory departments, evaluation by experts and final approval by the State Key Technologies and Equipment Advisory Group under the State Council.

Li Peng, acting premier of the State Council, and Lu Dong, minister of the State Economic Commission, presented awards to representatives of the prize-winning units. Li Peng extended thanks and regards to the workers of the prize-winning units and encouraged them to make further efforts for greater achievements.

Li Peng on Building Machine-Building Industry
HK291017 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 1552 GMT 26 Dec 87

[Report: "Li Peng Held That China's Machine-Building Industry Should Concentrate Its Efforts on Four Aspects]

[Text] Beijing, 26 Dec (ZHONGGUO XINWEN SHE)—In a national work conference on the machine-building industry held here today, China's Acting Premier Li Peng said that in the development of China's machine-building industry, we must direct efforts toward four aspects—increasing variety, improving quality, perfecting the process of linking things up, and improving service.

Li Peng said: After more than 30 years of effort, China has established a machine-building industrial system involving a fairly large scale and a relatively complete variety. It ranks second in the world, as far as the number of machine tools possessed is concerned. But a relatively prominent problem has to do with low efficiency, an incomplete variety of products, and inadequate quality. Therefore, the guideline of development for China's machine-building industry is not a matter of increasing quantity and having repetitive equipment. Instead, it is mainly a matter of concentrating on raising efficiency.

He holds the view that China's introduction of the policy of opening up has provided an excellent condition for raising the technical level of the machine-building industry. China's machine-building industry should achieve such aims as digestion, mastery, and development to create the new through the import of technology and joint production efforts.

Li Peng urged that in future we must further strengthen integration between the machine-building industry and the electronics industry. At the same time, with the maintenance of a given capacity for scientific research and production in the military field, China's war industry must divert more of its strength toward the production of civilian products. Given improved quality as a prerequisite, China's machine-building industry must increase exports.

Li Peng Praises New Zealand's Rewi Alley
OW291203 Beijing XINHUA in English 1101 GMT
29 Dec 87

[Text] Beijing, December 29 (XINHUA)—Chinese acting Premier Li Peng described here today the late noted New Zealander, Rewi Alley, as a great internationalist and a renowned New Zealand social activist.

In his talks with the press today, Li, also member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, said, "We are deeply grieved that our dear Comrade Rewi Alley died shortly after his 90th birthday. We hereby express our sincere sympathy and solicitude for his relatives in New Zealand and China."

Li also praised Alley for his courage, firmness, unselfishness and undauntedness, adding that he contributed all his energy to the cause of Chinese revolution and construction and played an important role in promoting friendship between the Chinese and New Zealand peoples.

"The Chinese Government and people are greatly thankful to Comrade Alley for his contributions. He was a fine representative of the New Zealand people, and we are proud of having had such an honest old friend as him," Li noted.

Alley came to China in 1927 and died last Sunday.

Jiang Zemin, Li Xiannian Inspect Rail Station
OW291229 Beijing XINHUA Domestic Service
in Chinese 1708 GMT 28 Dec 87

[By correspondent Shi Jingwei and reporter Chen Maodi]

[Text] Shanghai, 28 Dec (XINHUA)—President Li Xiannian inspected the new railway passenger station in Shanghai today in the company of Jiang Zemin, member of the CPC Central Committee Political Bureau, secretary of the Shanghai municipal party committee, and mayor of Shanghai, and Ding Guangen, alternate member of the CPC Central Committee Political Bureau and minister of railways. He expressed satisfaction with this project.

Shanghai's new railway passenger station is a key state project involving the fields of railway construction, municipal engineering, financial and trade work, and public utilities. With great interest, President Li toured and looked at this modern railway station characterized by a new design, advanced equipment, and rational layout. In the course of inspection, he extended greetings to the workers and technicians engaged in building this new passenger station as well as the personnel working there and expressed his appreciation for their industrious work.

Others accompanying President Li during the inspection included Zhu Rongji [2612 6954 1015], a new deputy secretary of the Shanghai municipal party committee.

Yao Yilin Opens New Shanghai Railway Station
*OW290756 Beijing XINHUA in English 0107 GMT
29 Dec 87*

[Text] Shanghai, December 29 (XINHUA)—The new Shanghai railway station, able to handle 22 million passengers a year, is now operational.

The station, said to be the best equipped in China, has replaced the old built in 1907.

Vice-Premier Yao Yilin cut the ribbon at a ceremony yesterday afternoon for opening the new railway station.

The new station has 15 tracks and seven platforms, and is capable of handling 144 passenger trains a day.

This state key project was built with a cost of 420 million yuan. All the 16 waiting rooms there are air-conditioned.

Speaking at the ceremony, Minister Ding Guangen of Railways said that in 1989, air-conditioned double-deck passenger cars will first be used on the Beijing-Shanghai railway line.

By 1990, diesel and electric engines should have replaced most of the old locomotives now in use, he said.

Song Renqiong, Others Honor Late Wu Yennong
*OW290325 Beijing XINHUA Domestic Service
in Chinese 1300 GMT 25 Dec 87*

[Excerpts] Beijing, 25 Dec (XINHUA)—A ceremony to pay last respects to the remains of Comrade Wu Yennong, a long-tested loyal fighter of the proletariat and former vice minister in charge of the State Economic Commission, took place in Beijing this afternoon.

Comrade Wu Yennong died of illness in Beijing on 9 December at the age of 76. [passage omitted]

Wreaths were sent in from Peng Zhen, Nie Rongzhen, Yao Yilin, Li Ruihuan, Bo Yibo, Song Renqiong, Hu Qiaomu, Cheng Zihua, Gu Mu, Zheng Tianxiang, Yang Chengwu, and Lu Zhengcao, as well as the General Office of the State Council, and other units. Song Renqiong, Zheng Tianxiang, Huang Huoqing, and nearly 300 representatives of the masses paid last respects to Comrade Wu Yennong's remains lying in state.

When Comrade Wu Yennong was seriously ill, Song Renqiong, Yang Chengwu, Lu Zhengcao, and others visited him at the hospital.

New Warship Type Enters Service
*HK291424 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 1341 GMT 29 Dec 87*

[Text] Shanghai, 29 Dec (ZHONGGUO XINWEN SHE)—A new-type missile frigate, adopting China's latest scientific research results, was delivered to the Chinese Navy today in Shanghai.

The warship is named "Wuhu" and its structure is a close type. The ship is equipped with all kinds of advanced missiles, automatic guns, anti-submarine weapons, electronic warfare, and command and information control systems. According to experts, this ship has a high capability of rapidly meeting any emergency, and reaches an advanced level in modern naval surface ships.

The "Wuhu" missile frigate also measures up to international standards for preventing pollution caused by ships, and can be used for the purpose of international exchanges in the future.

The ship was designed and built by the Hudong Shipyard in Shanghai.

Official Says GNP To Top 1000 Billion Yuan
*OW291114 Beijing XINHUA in English 0926 GMT
29 Dec 87*

[Text] Beijing, December 29 (XINHUA)—For the first time in 38 years, China's gross national product (GNP) will top 1,000 billion yuan, up nine percent compared with last year, a senior official said here today.

In spite of that, however, some problems still exist in the course of economic development, the official added.

Zheng Jiaheng, deputy director of the State Statistics Bureau, said in an interview with XINHUA that China's industrial output value this year will see a 14.5 percent increase over last year's, enabling it to pass the 1,000-billion-yuan mark.

"Because of improved management and coordinated development efforts between light and heavy industries, China's industrial production is enjoying a steady rise," he said.

"The economic condition of the country's enterprises also improved," he added, noting that their profits and taxes turned in to the state rose by 10 percent.

According to Zheng, the output of coal this year will top 900 million tons, that of crude oil, 985 million bbls [barrels], and power output, 500 billion kWh.

He told XINHUA that total agricultural output value this year is expected to increase 4 percent over last year.

"China also expects to harvest 400 million tons of grain this year, 10 million tons more than last year and the second highest ever recorded, and gather more than 3.9 million tons of cotton, a rise of 12 percent over last year," he added.

The deputy director was quick to point out, however, that one of the country's most pressing problems continues to be the fact that supply still falls several steps short of meeting demand.

To obtain sound development, he said, efforts will continue next year to boost farm production and make further readjustments to the industrial sector.

State Official on 'New Land Certificates'
*OW290503 Beijing XINHUA Domestic Service
in Chinese 0648 GMT 24 Dec 87*

[Text] Beijing, 24 Dec (XINHUA)—A leading comrade of the State Land Administration today answered reporters' questions in connection with the issuance of "Certificate for Using State-Owned Land," "Certificate for Using Collectively-Owned Land," and "Certificate of Collective Land Ownership" (hereafter shorten to "new land certificates.")

Question: Why is it necessary to issue "new land certificates?" What is the significance?

Answer: Land registration and certification are important means used by various countries to safeguard land ownership and protect the rights and interests of land owners and users.

There are two types of socialist land ownership in China: socialist land ownership by all people (or state-owned land for short), and land collectively owned by socialist laboring masses (collectively-owned land for short). In accordance with the "PRC Agrarian Reform Law" promulgated in 1950 and other relevant regulations, and by carrying out agrarian reform in the rural areas, land owned by the feudal land-owning class was granted to individual peasants along with land certificates in those days. The successful completion of cooperative transformation of agriculture in 1956 marked the transformation of individual land ownership into land ownership by socialist laboring masses in the rural areas. In cities, nationalization of land was gradually achieved through the confiscation and socialist transformation of land owned by bureaucrat-capitalist class. The "PRC Constitution" promulgated in 1982 provides that "land in cities belongs to the state."

Major changes in land ownership occurred following the establishment of socialist land ownership. However, because land management failed to catch up, land ownership was not registered or recertified. Consequently, the right to own land and the right to use land were indistinguishable and confusing for years, causing frequent land disputes. Meanwhile, free use of land gave

rise to serious waste of land resources and all sorts of illegal land transfers like seizing, buying, selling, and leasing land, which have seriously violated socialist land ownership.

Thus, in accordance with Article 9 of the "PRC Land Control Law," the state will, through land registration and on the basis of the results acquired from nationwide land survey and land used for nonagricultural purposes, issue three types of new land certificates so that socialist land ownership can be safeguarded, the legitimate rights and interests of land owners and land users can be protected, society can become more stabilized and united, and the limited land in the country can serve socialist modernization more effectively.

As reforms continue to strengthen in China's urban and rural areas, the issuance of "new land certificates" has far-reaching significance. First, these certificates are important, legal means for improving land management; second, they serve as legal proof of land ownership and legal documents for changing land ownership and handling ownership disputes; third, they provide conditions for compensatory land use and serve as the basis for land and tax departments to collect land fees and taxes.

Question: To whom will these "new land certificates" be issued?

Answer: The land certificates, which are uniform in terms of provisions and designs, are produced under the supervision of the State Land Administration. The certificates will be issued by county-level land administrations with the approval of county-level people's governments.

There are three types of "new land certificates." "Certificates for Using State-Owned Land" shall be issued to units and individuals legally entitled to use state-owned land. They include state farms, logging zones, ranches, fishery farms, peasants' collective economic organizations, party and government organizations, enterprises, institutes, social groups, and individuals. "Certificates for Using Collective-Owned Land and Land for Construction Purposes" will be issued to units individuals legally entitled to use collectively-owned land and land for construction purposes. They include township- or town-operated enterprises or institutes in the rural areas, and individual homesteaders. "Certificates of Collective Land Ownership" will be issued to units legally entitled to own collective land. They are primarily collective land owners in rural areas.

Question: What are the qualifications for the certificates?

Answer: There are three requirements—"legal ownership, clearly defined location, and accurately-measured size"—which are essential for the "new land certificates." Eligible units or individuals may apply for the

certificates at county-level land administrative departments, which will issue the certificates after conducting investigation and examination and reporting the findings to the county-level people's governments for approval.

Certified homesteaders are subjected to land departments' rechecking. Those who are qualified will have their certificate renewed at an appropriate time. Specific time shall be determined by land administrative departments of various provinces, autonomous regions, and municipalities directly under the center government.

Users of land that spans two adjacent counties shall file their applications to the land administrative departments of both counties. Certificates shall be issued by the departments after examination and approval.

During the course of surveying use of land for nonagricultural purposes, all units or individuals who fail to meet the three aforementioned requirements, or whose illegal use of land has not been settled, will be registered. They will be certified for the results of the survey, and will not be certified for the land use for the time being.

Rivers, streams, uncultivated hills, and other state-owned land in various localities, whose utilization rights have not been authorized will be registered by county or higher-level land administrative departments. No certificates will be issued.

In accordance with Article 10 of the "PRC Land Control Law," anyone who changes land ownership or the right to use land according to law must go through the formalities of changing land ownership at county or high-level land administrative departments and have the certificate renewed.

Question: What is the relationship between "new land certificates" and other certificates, such as real estate certificates, forestry rights certificates, grassland certificates, aquacultural production certificates, and so forth?

Answer: These certificates are guild certificates having a close relationship to certificates for land use. They are also important legal documents to certify utilization rights. The major difference between the two types of certificates is: Land certificates are legal documents certifying land ownership and land use, whereas guild certificates are legal documents certifying ownership of things on the land surface. As such, land users of any guild must apply and acquire their land use certificates at county or higher-level land administrative departments according to the land control law, depending on where the land they use is located. While handling the issuance of land use certificates, land administrative departments at all levels must pay ample attention to the ownership of property on the land surface and do a good job in coordinating the relations among various sectors.

Survey Shows Rural Economy Geared to Market
OW281314 Beijing XINHUA in English 0826 GMT
28 Dec 87

[Text] Beijing, December 28 (XINHUA)—A two-month survey of 28,478 families in 293 villages across China (except in Tibet and Taiwan) shows that the country's rural economy is moving toward commercialization, the "PEOPLE'S DAILY" reported today.

The total income of every village last year went up 66.9 Percent over 1984. About 80 percent of their increased income came from commercial businesses and service trades.

The income of farmers selling farm and sideline products last year went up 34.6 Percent over 1984 and accounted for 50.1 Percent of the total income from the farm, forestry, animal husbandry and fisheries sectors last year.

Over the past two years, 12.3 Percent of the labor force has quit farming to engage in industry and service trades in towns and urban areas.

The rural economy has developed unevenly in eastern, central and western China, and that east China is expanding its rural economy more rapidly than central and western China.

Household management still plays a leading role in the countryside. The main part of the property belongs to individual farmers and 53.5 Percent of the total rural economic income comes from family management.

The survey showed that more than half of the villages lack services for providing fertilizer and pesticide, and 90 percent of the villages are not able to help farmers transport and sell live animals.

Despite the increase of surplus funds annually, the survey found that farmers' ability to accumulate funds themselves is still low and far from meeting the needs of commodity production development.

When farmers first enter industry and commerce, they usually open business on their own, but with the development of commodity production they form cooperatives.

A survey of 280 rural districts showed that such cooperatives account for 22.7 Percent of the total number engaging in industry and business.

The survey also found that the lower grain purchase price is the main reason affecting grain production. Being commodity producers, farmers will lose interest in grain production when they see that it is not worthwhile to grow grain, and they will reduce the area under grain and expand the planting of cash crops.

The survey called on the state and localities to increase the income of farmers specializing in growing grain.

Report on National Symposium on Rural Reform
SK280536 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 26 Dec 87

[Text] The national symposium on reform of the scientific and technological system of rural areas held by the provincial science and technology commission under the auspices of the State Science and Technology Commission concluded in Harbin on 26 December. More than 70 experts and representatives from 15 provinces and municipalities and some cities and counties of our province attended the symposium. They held that in the initial stage of socialism, the system to be applied by scientific and technological organs below the county level may be one under which these organs are gradually run jointly by government and nongovernment units. These organs may popularize the contract, leasing, and share-holding systems, and may even sell themselves out. Active efforts should be made to support the various collective and individual scientific research organs and specialized technological research societies of peasants. We should allow scientific and technological organs to develop the various types of economic entities to serve the needs of major projects.

Improving Agriculture Fails To Meet Demand
HK290424 Beijing CHINA DAILY in English
29 Dec 87 p 2

[By staff reporter Chen Weihua]

[Text] Agricultural production is rising but still does not meet demand, according to officials of the Ministry of Agriculture, Animal Husbandry and Fisheries.

It is estimated that grain output, despite various natural disasters, will reach 400 million tons this year, an increase of 5 million tons over 1986 but still below the State goal of 405 million tons.

An official said grain output was hindered by the State's purchasing of grain at a lower price than before and the higher profits brought by non-farm rural production and non-grain crops.

The harvest this year will mainly depend on autumn grain. The sown area has grown by 400,000 hectares since that for summer grain and early rice shrank by 370,000 hectares.

According to ministry statistics, total farmland in China shrank by 3.13 million hectares from 1978 to 1986, or 400,000 hectares annually.

This slowed the pace of agricultural production growth to 3.4 percent in 1985 and again in 1986.

The official said price increases were expected for some farm products to spur the enthusiasm of farmers.

Cotton production will hit 3.9 million tons, up 10 percent over last year. Prices for cotton were increased after two years of decreases in production. Output is still below the record 6 million tons of 1984.

The rise is also due to the use of new technology, the official said. The quality of the cotton is also increasing.

The output of oil crops will reach 16.64 million tons, an increase of 1.7 million tons over last year.

The output of rape-seed, which forms 45 percent of the oil crops, accounts for most of the increase, since the output of peanuts, sesame seeds and sunflowers is dropping.

The output of the textile fibre ramie, which is mostly exported, is also rising sharply. China produces over 90 percent of the ramie in the world.

Tea output hit 480,000 tons, up 4.2 percent over last year.

In the first nine months of this year, Chinese farmers paid 54.7 billion yuan for production material, up 23 percent over the same period last year.

But the supply of these materials such as chemical fertilizers, pesticides and plastic film, is still short, hindering agricultural production.

The growing area devoted to fluecured tobacco was 866,000 hectares, with an estimated output of 1.5 million tons, up about 20 percent over last year.

The State must do better in purchasing farm produce and sideline products, the agricultural ministry official said, or farmers will cut down the growing area for these products.

The State used to complain when there were shortages but cut off purchases when there was a surplus. This hurt the enthusiasm of farmers, who will not be taken in a second time, the official said. The tight pork supply is the result of a grain shortage and the high cost of pig feed, he said.

He urged a more stable government agricultural policy, a better price system for farm products, increased investment and a wider use of modern technology.

Report on Practical Rural Education
HK290925 Beijing GUANGMING RIBAO in Chinese
12 Dec 87 p 1

[Report: "GUANGMING RIBAO Education Department and Sichuan Education Press Jointly Hold Seminar on Developing Rural Education"]

[Excerpts] The seminar "Overall Reform of Rural Education During the Initial Stage of Socialism" jointly held by the GUANGMING RIBAO Education Department and Sichuan Education Press in Chengdu in mid November made an appeal: The phenomenon of rural education being divorced from rural production should not be allowed to continue any longer. The rural education system of merely promoting students grade by grade should be reformed. The orientation of rural education should be shifted onto the track of serving local economic development!

Those attending the seminar were worried about the situation of rural education being divorced from the actual reality. According to statistics prepared by some counties of Sichuan province, the rural students who can finish their primary and secondary education and enter college account for only 2 to 3 % of the total. The majority of the secondary school graduates who cannot enter college know nothing about production when they go back to the countryside. [passage omitted]

Before the closing of the seminar, the participants issued a "Proposal on Vigorously Promoting the Reform of Rural Education," calling on the theoretical and practical workers in the education field to work hand in hand and strengthen scientific research in rural education so that the reform of the rural education system will develop in a smooth and deepgoing way. The responsible person of the Sichuan Education Press said that the press will do its utmost to serve rural education reform, meet the needs of rural education, and compile and publish teaching material suited to local needs and books on vocational training, giving priority to the achievements of rural education reform.

Some 50 persons including leading comrades of the Sichuan Provincial Government, the Provincial Education Committee, the Provincial Education Society, the Provincial Education and Science Department, and the State Media and Publications Office; research fellows and teachers of the State Education and Science Office, the China Education Society, and some institutions of higher learning; and comrades from the education field of some cities and counties.

State Circular on Teacher Qualification
OW290215 Beijing XINHUA Domestic Service
in Chinese 1436 GMT 23 Dec 87

[Text] Beijing, 23 Dec (XINHUA)—The State Education Commission recently issued a circular on plans requiring elementary and middle school teachers to sit

for specialized knowledge examinations to obtain a qualification certificate. It has been decided that examinations will begin in a planned way in 1988.

The circular said that specialized knowledge examinations for elementary and middle school teachers will be held on 5 and 6 August 1988. Arrangements for such examinations for middle school and kindergarten teachers, middle school teachers of Japanese and Russian, and teachers who understand only minority languages will be made by the education departments of provinces, autonomous regions, and municipalities.

The circular said: Teachers whose educational level is comparatively high enough to pass the examination for a qualification certificate should be first encouraged to take the examination. Teachers whose educational level is one or two grades lower than the requirements set by the syllabus should be persuaded to advance slowly and not to take the examination hastily; applications by this category of teachers to take the qualification examination should be appropriately restricted, and there should be good explanations to satisfy them.

The circular said: It is necessary to create the condition for the gradual solution of problems concerning teachers' qualification examinations and the training of teachers in various educational institutions. It is also necessary to raise the efficiency of examinations to encourage teachers to sit for an examination. Henceforth, in future examinations each year it is necessary to adhere to the principle of voluntary applications to sit for an examination and to encourage teachers who are likely to pass the examination to take the examination. Proper measures should be taken to reduce the proportions of applications and examination absentees and to the proportion of applications passing the examination. Such examinations should be arranged in a planned way, earnestly, and not in a disorderly way, to raise the overall efficiency, reduce waste in manpower and financial resources, and enhance teachers' enthusiasm to take the examination.

The circular stressed: Education departments in all localities should assign at least one principal leader to take charge of this work, set up and improve a prestigious office in charge of the examination work, and help solve problems of organization and expenses.

RENMIN RIBAO on Banking Reform
HK260620 Beijing RENMIN RIBAO in Chinese
15 Dec 87 p 2

[Article By RENMIN RIBAO Reporter Shi Mingshen (2457 2494 1957): "A Tough Journey—Thoughts On Problems Faced By Financial Reform"]

[Text] Since the reform of the economic structure, which has been carried out over the past 9 years, has pushed the banks, which were the "cashiers" for state finance in the past, onto the stage of the commodity economy, people

have begun to pay special attention to the "role" played by the banks. However, to turn our banks into real banks is indeed a long and difficult journey.

At the end of 1984, our country lost control over the work of providing loans, issuing currency, and using foreign exchange. Some people said that the loss of control was caused by the financial reform.

When the banks tightened control over credit and loans in 1985, many enterprises thought that the method was "blood-drawing" and "rigid uniformity;"

During the first half of 1986, the industrial output in some areas decreased, so people thought that it was the banks that had held the flow of circulating funds and caused the decrease in the industrial output.

In 1987 when the investment and consumption of our national economy expanded, all the people complained about the over-issuance of our currency.

These complaints and criticisms showed that people were concerned about the reform of our country's financial structure. However, on the other hand, these complaints and criticisms also showed that the banks have not completely conformed with the mechanisms of the commodity economy. As a matter of fact, the reform of the financial structure has met strong opposition from the old structure and old concepts in and outside our country's finance.

On Turning Financial Appropriations Into Bank Loans and Vice Versa [subhead]

In 1980, our country began to invest in capital construction with bank loans instead of with the state financial appropriations. As a result, the scope of bank credit and loans was extended to both circulating funds and fixed assets. As far as the method of distributing funds is concerned, providing financial appropriations gratis was turned into compensated bank loans. The banks gradually resumed its role as the medium of currency in the commodity economic activities. However, the newly started reform of the banking system was obstructed by the fact that the reform of the planning structure, the reform of the financial structure, and the reform of the political structure were not yet fully started.

Someone created the following formulas to show how absurd the situation was: To turn financial appropriations into bank loans equals acting according to the orders of the planning commissions, and, to get money from the banks equals turning the bank loans into the financial appropriations. This means that no fundamental changes had taken place in the real nature of the "financial appropriations" and the "bank loans" had only existed in name. Especially over the past few years, driven by the tide of investment, some localities and departments have laid too much stress on expanding the scale of capital construction and redoubling the output

value. The administrative departments have also intervened in the process of distributing funds by ordering the banks to provide more loans. For example, the products of the Xian Paint General Plant had been put in stock for long, but the higher authorities still asked the plant to expand its production capacity by producing an additional 0.15 million tons of propylene and also ordered the banks to provide more loans to the plant. Another example is that the Timeng Branch of the Agricultural Bank of Lingshui County of Guangdong Province was "ordered" to provide nearly one million yuan to 2,700 peasant households in that area. However, the peasants there did not urgently need bank loans in their production. As a result, as soon as they got the bank loans, some of the peasants there set off fireworks to celebrate and believed that they had made a big fortune. Some of the peasants even used the bank loans to build new houses and hold wedding ceremonies. It seemed that those peasants had no intention of repaying the bank loans.

What has troubled the banks most are the "projects authorized in the brief informal notes written by certain leading cadres" and the "projects personally authorized by the leading cadres." People usually started these projects without carrying out any feasibility studies. As a result, the investment in those projects could not produce good economic results. Those projects not only held a lot of state financial funds but also wasted a lot of hard-earned bank funds. Now, some banks have tended to provide out more funds than they can get from the savings of their clients. Some people in banking circles are worried and complain about such a situation. They say that sometimes when the banks have nearly no more funds left, the departments concerned still order the banks to provide out more loans. As a result, the banks can only borrow more funds from the central bank and issue more currency. Thus, the scale of capital construction has continuously expanded, the prices of the means of production have been continuously going up, and there has been a serious shortage of funds.

The expansion of investment, the increase of consumption, the over-issuance of currency have combined to form a vicious circle. People have realized these problems but have not found out the real causes of these problems. They tend to blame the banks. However, people should understand that it is not the banks that have the right to make decisions on providing loans. Some people in the economic circle have pointed out that since the situation is getting more and more serious, the State Council has decided to further tighten control over finance, credit, and loans, and further stabilize the prices beginning next year. That the banks have no real decisionmaking power in providing loans and the investment decisionmaking power is not integrated with the investment responsibilities is really detrimental to macroeconomic regulation. So, it is quite necessary to put an end to such an abnormal situation.

Enterprises Are Still Eating From the Same Big Pot of The Banks [subhead]

At the beginning of this year, in order to control the over-heated investment demand and consumption demand, the state began to implement a tight but flexible currency policy. The state demanded the banks to treat different enterprises in different ways and provide loans according to the principle of supporting the profit-making enterprises and restricting the losing enterprises. Such a state policy was aimed at guiding the enterprises to rationally readjust their product structure and increase their economic results and at bringing into play the role of such economic levers as loans, credit, interest rate, and so on.

However, as far as the situation in all parts of our country is concerned, such a policy has failed to achieve the desired results. Until now, some seemingly profit-making but actually losing enterprises are still holding a lot of bank funds. Because the quality of the products produced by these enterprises is usually poor and the prices of the products produced by these enterprises are usually high, the products of these enterprises have not been sold well. On the other hand, some key state construction projects and productive enterprises cannot be developed due to the shortage of funds and bank loans. The real cause of this abnormal situation is that at present, the majority of the enterprises are still eating from the same big pot of the banks.

At present, the "Enterprise Bankruptcy Law" has not yet been extensively implemented in our country. A large number of enterprises can only assume full responsibilities for their profits but cannot assume full responsibilities for their losses because they lack the internal self-regulating mechanisms. So, whenever these enterprises suffer losses, they will demand loans from the banks through the government. These enterprises will then use the bank loans to update their equipment, buy raw and processed materials, pay taxes to the government, and pay wages to their staff and workers. Even when these enterprises are fined and ordered to repay the bank loans they have borrowed at a higher interest rate, they will still ask for more bank loans because they know that they will not suffer losses themselves. In 1986, the losing industrial enterprises in Haikou City held a total of 22.31 million yuan of bank credit and loans, which accounted for 12.7 % of the bank loans in that city. A factory in Beijing City has suffered losses for years and has not been able to sell their products well. Strangely, the banks still have had to provide a lot of loans to the factory over the past few years. As a result, the factory has failed to repay the bank loans. Such a situation shows that the banks should stop filling this "bottomless pit." However, although the factory has been suffering losses for years, the staff and workers have been paid wages. Who has paid wages to the staff and workers? Since state finance and the factory have had no ability to pay wages to the staff and workers, it is the banks that have paid wages to staff and workers of the factory. It is true that the banks are always asked to provide more loans. And no matter whether the banks are willing to provide more loans or not, they will have to provide loans.

It seems that because the enterprises lack the internal self-regulating mechanisms, the bank loans are often used to cover the losses of the enterprises. As a result, the economic levers, such as credit and loans, are unlikely to be strengthened. And the reform carried out by the banks to smash the fund supply system is unlikely to achieve any good results, either. Fortunately, at present, the implementation of the various types of the contracted management responsibility system has really given an impetus to the reform of the financial structure. To deepen the enterprise reform, gradually establish the enterprise self-compensated circulating fund system, strengthen the reserve strength of the enterprises, and make the enterprises shoulder more risks and assume full responsibilities for their own losses are the important external conditions for speeding up the reform of the financial structure. The reform of the financial structure is now promoting the enterprise reform. And the enterprise reform will also push forward with the reform of the financial structure.

The Sponge and a Torn Rag [subhead]

At present, our country is vigorously carrying out all types of development. Strengthening the reserve strength of the agricultural production will require funds, to promote the progress of industrial technologies will need funds, invigorating the commodity circulation will require funds, and carrying out the development of scientific research, national defense, education, public health undertakings, and so on will also require funds. At present, all the fields are waiting to receive "blood transfusions." However, we cannot get funds by issuing more currency. Instead, we should rely on the banks to absorb more savings of the clients and issue more bonds. And we should promote fund accommodation and fund circulation.

At present, the banking system also has a lot of difficulties: There are only a few savings networks in our country, the bank offices are small, the bank equipment is old and backward, the bank staff still use pens and abacuses to do their work. A large amount of funds are scattered among the people and have not yet been absorbed by the banks. According to the estimates, there is nearly 100 billion yuan scattered among the people throughout the country. What a great financial potential it is! What a golden opportunity it is! However, we have almost lost such a golden opportunity. A bank clerk frankly said: "We don't want to absorb more bank savings. The business volume of our bank has greatly increased over the past few years. Very often, we have to work overtime to finish the work. Since the business volume of our bank has increased, we are more liable to make mistakes. Now, when the bank absorbs more bank savings, we are not given any rewards. However, if we make a mistake in only one item of an account, our bonuses will be cancelled. So, as a matter of fact, all of us are not enthusiastic in absorbing more bank savings."

Yang Peixin, who is from the Economic and Technological Development Research Center of the State Council, said: "In the past, the banks were just like a sponge which can absorb water. When water was needed, we just pressed the sponge and the water would be released. Thus, the banks played an adjusting and regulatory role in the past. Now, the banks have almost become a torn rag which can neither absorb nor release water." Why has the sponge become a torn rag? The people in the banking circle think that the fundamental reason is that the banks are carrying out its activities as enterprises but are managed as administrative organs.

For a long time since Liberation, the state has used the administrative measures to directly manage the economy. As a result, the banks have shouldered many administrative and management responsibilities which are irrelevant to the bank business and have been managed as the administrative organs. Such a method has been inherited to the present and is still hindering the development of the banks.

Over the past few years, the banks have played the role of currency fund operators in the economic activities and have attracted much attention. That the goal of operation is to make profit is now recognized by the majority of the people. However, the banking institutions are still managed and controlled by the administrative departments in the various regions. When a provincial governor or city mayor calls a meeting of the leaders of the planning commission, economic commission, financial department, price department, and some other economic management departments, he will always invite the presidents of the local banks to attend the meeting. The reason is that the development of a certain project will always need bank loans, or when a certain factory cannot repay the bank loans it has borrowed, very often the bank

is asked not to fine the factory and not to order the factory to pay a higher interest. All these seem to show that the higher authorities have attached great importance to the banks and have regarded the banks as one of the departments of the local people's government. It seems that the banks are in an important position. However, the fact is that the functions of the banks as enterprises have been weakened and the banks are prevented from making use of such economic levers as credit and loans, interest rate, and so on. Moreover, the size of the bank staff is strictly controlled by the local labor and personnel department. For example, when a bank wanted to employ and train some young contract workers, the bank's application was rejected. Instead, the bank had to accept a large number of cadres who had just retired from the state organs and knew nothing about the bank business. When some areas wanted to increase the number of savings centers, the relevant departments ruled that only 1,000 yuan could be provided to each of the savings centers. The banks could only retain their profits according to the method used by the state finance in allocating funds to the state organs at lower levels. The banks could only basically retain their profits according to the number of their staff members. This means that the more the profits are made, the smaller the proportion of the profits retained by the banks will be.

The setbacks, failures, and agony we have experienced have made some people puzzled and the majority of the people think deeply. In order to successfully carry out the reform of the financial structure in the future, we must make great efforts to gradually smooth out the relationship between the planning departments, the financial departments, the enterprises, and the banks, make great efforts to formulate and perfect the relevant banking laws and regulations, and make great efforts to strengthen the vitality of the financial enterprises so as to build our banks into the real banks.

East Region

Jiangsu's Han Peixin on CPPCC Election *OW281149 Nanjing Jiangsu Provincial Service* *in Mandarin 2300 GMT 23 Dec 87*

[Text] The provincial party committee invited leaders of democratic parties and mass organizations, as well as personnel concerned, to attend a meeting on 23 December to discuss the selection of members to the Sixth Jiangsu Provincial CPPCC Committee.

The meeting was chaired by Sun Han, deputy secretary of the provincial party committee. Han Peixin, its secretary, explained the selection of members. He said: The selection of members for the next provincial CPPCC Committee has embodied the guidelines of the 13th CPC National Congress, the spirit of grand unity and unification, in order to fire the enthusiasm of all quarters to strengthen the political consultation and democratic supervision, perfect socialist democracy and the legal system, promote stability and unity, serve the patriotic united front, and facilitate realization of the idea of one country with two systems, reunification of the motherland, and revitalization of the Chinese nation. Overall consideration has been given in selecting the broadest representation of members.

After thorough discussion and consultation on the preliminary namelist of the members, the meeting participants made suggestions and proposals.

Gu Hao, member of the Standing Committee of the provincial party committee; Qian Zhonghan, chairman of the provincial CPPCC Committee; Li Qingkui, vice chairman of the provincial People's Congress Standing Committee; and Luo Yunlai, Jin Guangxun, Deng Haoming, Gao Juefu, Cheng Bingwen, Liu Xinghan, and Chen Zhonglie, vice chairmen of the provincial CPPCC Committee, attended the meeting.

Han Peixin Speaks to Democratic Parties *OW281327 Nanjing XINHUA RIBAO in Chinese* *13 Dec 87 p 1*

[Excerpt] Yesterday morning, the seventh provincial party committee held a meeting of democratic parties and nonparty personages to brief them on its enlarged plenary session as well as its working session. The meeting solicited their opinions on the preliminary namelist of candidates for delegates to the National People's Congress and the seventh provincial People's Congress; on democratic evaluation of the provincial government leaders; and on recommendation of new leading members for the provincial government, the next provincial People's Congress, and the next provincial CPPCC Committee. The meeting was presided over by Sun Jiazheng, deputy secretary of the provincial party committee. Han Peixin, secretary of the provincial party committee, made a report at the meeting.

Han Peixin said: After the close of the 13th National Party Congress, the seventh provincial party committee held the sixth enlarged plenary session and a working session in order to promptly relay and implement its guidelines and to draw up plans for work in a considerable period of time ahead and in the next year. The two meetings will play an active role in intensifying study and implementation of the guidelines of the 13th National Party Congress, speeding up the economic construction, persisting in the reform and open policy, and strengthening the building of the party itself throughout the province.

Then, on the basis of the principal guidelines of the two meetings, Han Peixin focused on five aspects of the province's future work. First, party organizations at all levels should consider earnest study of the documents of the 13th National Party Congress as the primary task, and seek unity of our thinking and a guide for our actions with the aid of the guidelines of the 13th National Party Congress. Second, the strategy for economic development drawn up by the 13th National Party Congress must be conscientiously carried out so as to promote changes in our province's economy, enabling it to reach a new level. Third, our thinking must be further emancipated, and reform accelerated and deepened. This is the key to implementing the guidelines of the 13th National Party Congress. Fourth, we must adapt ourselves to the new situation of reform and open policy and strengthen the party building. Fifth, further improving the building of the socialist spiritual civilization should be considered as an important work for the whole party from now on.

Last, Han Peixin said: Jiangsu has scored some achievements in its work over the years. This is inseparable from the support given by democratic parties and nonparty comrades. Taking advantage of this opportunity, I would like to express our appreciation to everyone here on behalf of the provincial party committee. If we want to implement the guidelines of the 13th National Party Congress and carry out all the tasks it has proposed, we must strengthen the united front work, unite all the forces that can be united, bring every positive factor into play, and band together and cooperate with democratic parties and nonparty personages in our common efforts. From now on, the system of consultative dialogue must be established and further improved. The provincial party committee is determined to put it into practice and will exchange viewpoints with nonparty personages and democratic parties on the future work. Meanwhile, we warmly welcome nonparty personages and democratic parties to offer suggestions and opinions on our work and bluntly criticize the deficiencies and mistakes existing in our work. [passage omitted]

Han Peixin Stresses Export-Oriented Economy *OW290007 Nanjing Jiangsu Provincial Service* *in Mandarin 1015 GMT 24 Dec 87*

[Text] The emphasis of work now and in the near future should be to accelerate reform and opening to the

outside world; actively develop an export-oriented economy; energetically increase export trade by enterprises run by the state, collectives, and individuals in both urban and rural areas simultaneously; achieve technological and scientific progresses in the course of promoting export trade; improve the economic structure; and create a cycle of earning foreign exchange with export, importing advanced technology with foreign exchange, and enhancing export capability with advanced technology to earn more foreign exchange.

These remarks were made by Han Peixin, secretary of the Jiangsu provincial party committee, at a meeting of cadres at and above the department level of provincial organs held by the provincial party committee and the provincial government today. Han Peixin first conveyed to the meeting the guidelines of the speeches made by Comrade Zhao Ziyang during his inspection tours in Jiaxing City of Zhejiang Province and in Suzhou City of Jiangsu Province.

Comrade Han Peixin said: Following the guidelines of the 13th National Party Congress and Comrade Zhao Ziyang's instructions, the coastal regions, particularly the Changjiang Delta, must energetically develop an export-oriented economy, take full advantage of the cheap labor and flexible operations of rural enterprises, and actively tap the potential of rural enterprises to produce more labor-intensive goods, increase export trade, take part in international exchanges and promote economic development at home. This new strategic concept put forward by Comrade Ziyang is an important strategic concept that completely conforms to Jiangsu's reality. We must enhance our understanding, emancipate our mind, seriously implement the concept and bring about a new economic development in our province.

Comrade Han Peixin expressed his views on such questions as how the provincial organs should study and implement the guidelines of Comrade Zhao Ziyang's speeches and accelerate reform and opening to the outside world.

He said: To develop an export-oriented economy meets the objective needs of Jiangsu's economic development in the days to come. Jiangsu is a province in which the processing industry is the main industry. Its raw and semifinished materials come from outside the province, and the market for its goods is also outside the province. We must gradually extend the market that supplies raw and finished materials to us and sells our goods from outside our province to outside our country, and take part in exchange and competition in the international market. Only in this way can we further develop our economy.

Comrade Han Peixin emphasized: To accelerate the opening to the outside world and actively develop an export-oriented economy, we must further emancipate our mind, understand the need for opening to the outside

world, and display a pioneering spirit. Under the new circumstances, we should particularly stress the need to pioneer and to implement the principles and policies of the party Central Committee in a creative way. The old system has not yet been completely abolished, and the new system has not yet been fully set up. In such a situation, we may adopt any policies and methods in consideration of reality as long as the policies and methods are conducive to the development of the productive forces and the development of an export-oriented economy. We should widen our thinking, actively explore, seriously sum up and popularize the new experience of the grass-roots units and the masses, and learn from the advanced experience of other provinces and municipalities.

In conclusion, Comrade Han Peixin called on the leading comrades of provincial departments to make early planning and preparations for the development of an export-oriented economy and truly take measures to develop an export-oriented economy. Responsible comrades of the party committee, the Advisory Commission, the Discipline Inspection Commission, the People's Congress Standing Committee, the people's government and the CPPCC Committee of Jiangsu Province attended today's meeting.

Liang Buting at Shandong Military Congress
SK280721 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 24 Dec 87

[Text] The Fourth CPC Congress of the Shandong Provincial Military District opened in Jinan City on the morning of 24 December. Attending the congress in a joyful frame of mind were 317 delegates who had borne in mind the great trust placed in them by the broad masses of party members throughout the military district and 134 representatives from the people's armed force departments of counties, cities, and districts throughout the province who were especially invited to the congress.

The opening ceremony of the party congress was presided over by Yan Zhuo, deputy commander of the provincial military district. Liu Yide, commander of the provincial military district, delivered the opening speech.

During the opening ceremony, Song Qingwei, political commissar of the Jinan Military Region, also delivered a speech in which he warmly congratulated those present on behalf of the party committee under the Jinan Military Region on the opening of the congress and fully acknowledged the outstanding achievements scored by the provincial military district during the campaign to reduce staff and carry out party building and the building of PLA units and militia reserve forces.

During the opening ceremony, Liang Buting, secretary of the provincial party committee, also delivered a speech. He urged all delegates to the congress and broad masses of commanders and fighters and militiamen throughout

the military district to unify their thinking and action by making use of the spirit of the 13th CPC Congress, to vigorously enhance the building of militia reserve forces for the new historical period, to bring into play the leading role of militiamen in building the two civilizations, and to resolutely fulfill various historical tasks in the new period.

During the opening ceremony, Cao Pengsheng, political commissar of the provincial military district, delivered a work report entitled: Deeply Study and Implement the Spirit of the 13th CPC Congress To Continuously Push Forward the Work of the Provincial Military District in Building PLA Units and Militia Reserve Forces. He stated: During the past 5 years after the third military district party congress, the provincial military district under the leadership of the Jinan Military Region and the provincial party committee has achieved a new situation of steady development in the work of building PLA units, on the one hand, and building militia reserve forces, on the other hand, and has successfully and smoothly fulfilled the tasks of conducting reforms in the systems, reducing the staff, and of transferring the administration of the people's armed force departments to the people's governments. The provincial military district has also readjusted its militia organizations throughout the province, and gradually carried out the work of rendering labor services to pay the expenses of the people's armed forces while curtailing the military training of militiamen. The province has successively organized three divisions of reserve forces. The provincial military district has also further enhanced the work of building the people's armed force departments at grass-roots levels and conducting political education among militiamen; and newly upgraded its work of making preparations for wars, carrying out educational training, building grassroots-level armed forces, and ensuring the capability of reserve service.

On the afternoon of 24 December, Liu Guofu, deputy political commissar of the provincial military district, delivered a work report at the congress on behalf of the Discipline Inspection Commission of the provincial military district.

Elects Officers, Members

SK290531 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 28 Dec 87

[Text] The First Plenary Sessions of the Fourth CPC Committee and Discipline Inspection Commission under the Shandong Provincial Military District were respectively held in Jinan City on 27 December. The sessions elected Standing Committee members, secretaries, and deputy secretaries for the new party committee and commission. The new party Standing Committee is composed of 10 members. Liang Buting, secretary of the Shandong Provincial CPC Committee, was named first

secretary of the provincial military district party committee; Cao Pengsheng was named secretary of the military district party committee; and Liu Yide was named deputy secretary of the military district party committee.

The new Standing Committee of the Discipline Inspection Commission under the provincial military district is composed of five members. Liu Guofu was named secretary of the Discipline Inspection Commission and (Liu Shiliang) was named deputy secretary of the Discipline Inspection Commission.

Shandong Advisory Commission Holds Plenum SK250714 Jinan Shandong Provincial Service in Mandarin 2300 GMT 24 Dec 87

[Text] The Ninth Plenary Session of the Advisory Commission under the Shandong Provincial CPC Committee was held in Jinan's Nanjiao Guesthouse on 24 December. Su Yiran, chairman of the provincial Advisory Commission, and Wang Jinshan, vice chairman of the provincial Advisory Commission, presided over the session.

The major tasks of the session are to summarize the 1987 work and to make work arrangements for 1988.

During the session, Comrade Su Yiran delivered a speech in which he stated: Under the leadership of the provincial party committee and through the common effort of all members, the provincial Advisory Commission has better fulfilled the tasks adopted at the eighth plenary session in 1986. In line with the spirit of the 13th CPC Congress, according to the demand set by the provincial party committee, and by following the principle of doing what one is capable of and doing one's best, we will emphasize to do the following tasks well in 1988:

1. A good job should be done continuously in studying the documents adopted at the 13th CPC Congress to unite ideology and action with the spirit of the 13th CPC Congress.
2. Efforts should be made to accelerate the pace of opening coastal areas to the outside world in line with the program of successfully conducting second-phase reforms in rural areas and the province's strategy of rural development to accelerate and deepen reforms in economic systems. A good job should be done in investigating and studying the issue of enhancing party building under the new situation.
3. Efforts should be made to actively fulfill various tasks assigned by the provincial party committee and to vigorously carry out social work.
4. A good job should be done in holding a reception for the veteran comrades who will carry out observation tours in the province.

5. A good job should be also be done in preparing for the end-of-term election of the provincial Advisory Commission.

Shanghai To Inaugurate Radio Beam to Taiwan
*OW290432 Beijing XINHUA in English 0236 GMT
29 Dec 87*

[Text] Shanghai, December 29 (XINHUA)—Shanghai Mayor Jiang Zemin will extend New Year greetings to Taiwan compatriots through a newly opened radio station in the city, XINHUA learned today.

The "Voice of Pujiang" is the Chinese mainland's sixth radio station beamed to Taiwan. "Pujiang" means the Huangpu River that snakes through this largest city of China.

"Our policy is one of spreading news about Shanghai among those natives of Shanghai living in Taiwan to promote patriotism and help China unify," said a spokesman for the station. "Our six-hour-per-day program will also include service articles."

The station will broadcast in "Putonghua" (the Mandarin) and the Shanghai dialect, he added.

On the New Year's Day, the station will broadcast a feature story on Zhao Zukang, who once served as acting mayor of Shanghai before liberation in 1949.

Shanghai Issues Land Transfer Regulations
*OW230942 Beijing XINHUA in English 1653 GMT
22 Dec 87*

[Text] Shanghai, December 22 (XINHUA)—The Shanghai Municipal Government declared here today that the State Council, China's highest governing body, has given the go-ahead for Shanghai to carry out an experiment to transfer land utilization rights for profit.

Shanghai has worked out relevant regulations that will go into effect on January 1, 1988, said Xia Keqiang, deputy secretary general of the municipal government.

At a press conference, he said that the first piece of land under the experiment has been allocated for building hotels, office buildings, residences and commercial centers.

The winner in a public bidding to be held in the first half of next year will obtain the right to use the land, Xia said, adding that the bidding will be conducted internationally.

He pointed out that the Shanghai experiment is part of China's reform on land utilization and also an effort to develop a socialist market system covering the real estate business.

The reform aims at ending the existing practice that allows unpaid utilization of land for unlimited periods. The current change will enable Shanghai, China's largest economic center, to collect more funds for city construction, he said.

Today, the Shenzhen Special Economic Zone in Guangdong Province has already started experimenting with the transference of land utilization rights, Xia said.

Explaining the regulations governing land utilization transference, he said that the ownership of land and the right of its utilization are to be separated.

According to the regulations, the land utilization periods may be from 20 to 50 years. Those wishing to extend the utilization period will have to receive approval from the municipal government. Additional payment will be required for the extended period.

The winners in biddings for land use should conduct land development according to regulations set in the contracts. They can transfer the ownership of the structures to be erected on the land to others. Inheritance of the land utilization right is allowed, he said.

If the regulations are revised in the future, contracts already signed will not be affected, he stated.

Jiang Zemin Attends Shanghai Art Exhibition
*OW272315 Shanghai City Service in Mandarin
2300 GMT 21 Dec 87*

[Excerpt] A Chinese oil painting exhibition, the first ever held in New China, opened at the Shanghai Exhibition Hall on 21 December. Jiang Zemin, secretary of the Shanghai municipal party committee and mayor, attended the opening ceremony together with some 2,000 viewers. [passage omitted]

Central-South Region

Guangdong CPC Committee Session Ends
*HK280719 Guangzhou Guangdong Provincial Service
in Mandarin 0400 GMT 24 Dec 87*

[Text] The Seventh Plenary Session of the Fifth Guangdong Provincial CPC Committee closed in Guangzhou this morning. The meeting listened to and considered the report of the provincial party committee Standing Committee, discussed and adopted a resolution on the report, and decided on the convocation of the Sixth Guangdong Provincial CPC Congress.

The meeting held that the analysis by Lin Ruo, in his report on behalf of the provincial party committee Standing Committee, of the province's achievements in 1987 and of current problems proceeded from actual conditions. The report reflected the guidelines of the 13th National Party Congress and the spirit of the directive of the party Central Committee in selecting

Guangdong as an experimental area for introducing comprehensive reform, which requires our province to be a step ahead in carrying out the reform and opening up policies and in developing the economy. The report also envisaged long-term plans for faster economic development, set forth guiding principles to this end, and drew up plans for accomplishing the current tasks. The plenary session called on party committees at all levels and all party members to emancipate their minds, cement unity, and resolutely implement the spirit of the 13th party congress so as to strive to attain the magnificent goal of accelerating economic development as our province keeps a step ahead in carrying out the reform and opening up policies.

The plenary session also decided to convene the Sixth Guangdong Provincial CPC Congress in Guangzhou in May 1988.

Guangdong Advisory Commission Holds Session
HK281352 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 25 Dec 87

[Text] The Seventh Plenary Session of Guangdong Provincial Advisory Commission was held in Guangzhou yesterday afternoon. In the name of the commission's Standing Committee, chairman Liang Lingguang delivered a work report. In his report he reviewed the work since the sixth plenary session of the provincial Advisory Commission held in March this year, and listed tasks for next year. The major aspects for next year are to: further study the 13th Party Congress documents; ensure the election of candidates for a new commission is a success by conducting in-depth investigations; and to take good care of retired veteran cadres.

Provincial party committee Secretary Lin Ruo spoke at the meeting. He expressed his thanks to the provincial Advisory Commission for its assistance to the provincial party committee and hoped that the provincial Advisory Commission will give a fuller play to its role.

Lin Ruo Urges Papers to Promote Reform
HK281355 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 17 Dec 87

[Text] Yesterday morning, while visiting representatives to the forum held in Guangdong of five central-south provinces and regions in China on newspaper work, Lin Ruo, secretary of the Guangdong Provincial CPC Committee, said: Reform in our country is now at a crucial moment. Newspapers must vigorously implement the spirit of the 13th National Party Congress and prepare the public for the deepening of reform. If a newspaper does a good job in propaganda, it can inspire the cadres' and the masses' enthusiasm to the largest extent, encourage them to bravely forge ahead, eliminate conservative ideology, bear the temporary difficulties, and push reform forward smoothly. We must understand the glorious duties of the press workers and strive to do propaganda work well.

Regarding how to do the propaganda work of the newspapers well in the new period, Lin Ruo put forward three points:

1. It is necessary to be faithful to the party's cause and to embark on publicity and reporting according to the line, principles, and policies formulated by the 13th National Party Congress.
2. It is essential to be bold in emancipating the mind and to vigorously publicize the new things.
3. It is imperative to step up study so as to keep our ideology abreast of the situation and the times.

Tian Jiyun Issues Orders on Henan Fire
OW290326 Beijing XINHUA in English 0234 GMT 29 Dec 87

[Text] Zhengzhou, December 29 (XINHUA)—Over 3,000 armymen and civilians have brought a forest fire in Henan Province under control, XINHUA has just learned.

The fire broke out at 16:00 hours on December 25 at Sikesu Township in Lushan County, threatening to set ablaze a local forestry farm of 200 hectares and forests in neighboring areas.

Vice-Premier Tian Jiyun ordered immediate action to put out the fire, according to forestry officials in this capital of Henan Province.

In response, Vice-Governor Liu Yujie, Commander Zhan Jingwu of the provincial military command and Vice-Minister Liu Guangyun of forestry rushed to the scene to direct the fight.

Hubei Secretary Speaks at Plenary Session
HK281404 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 22 Dec 87

[Excerpts] The Eighth Enlarged Plenary Session of the Fourth Hubei Provincial CPC Committee, which opened yesterday, held its first plenary meeting in Wuchang this morning. Yesterday, representatives attending the session studied the work report made by Comrade Zhao Ziyang at the 13th National CPC Congress in groups and came to further understand and digest some basic viewpoints put forward in the report. The main task of this enlarged plenary session is to penetratingly study and further implement the spirit of the 13th National CPC Congress in conjunction with Hubei's realities. The aims are to further understand the situation clearly; remain sober-minded; define the tasks; implement measures; inspire enthusiasm; unite in hard struggle; and to promote the further development of our province's reform and construction.

Attending today's meeting were provincial party committee Standing Committee members including Guan Guangfu, Guo Zhenqian, Zhao Fulin, Qian Yunlu, Li Haizhong, Liu Qizhi, Ding Fengying, Zhang Xueqi, and Tian Qiyu; provincial Advisory Commission vice chairmen including Liu Huinong, Li Erzong, Wang Kewen, Shen Yinluo, and Chen Ming; and Central Advisory Commission members who are in Wuhan including Zhao Xinchu, Han Ningfu, and Xia Shihou. Huang Zhizhen, chairman of the provincial People's Congress Standing Committee, also attended today's meeting. Comrade Guo Zhenqian presided over today's plenary meeting. [passage omitted]

Guan Guangfu's work report is divided into five parts: 1) Penetratingly studying and completely understanding the spirit of the 13th National CPC Congress and defining the guiding ideology for all aspects of work; 2) vigorously make progress and do a good job in reform; 3) correctly understand the provincial conditions and formulate a strategy for economic development; 4) strengthen party-building in the course of reform and opening up; 5) meet the needs of reform and construction and further step up building spiritual civilization. [passage omitted]

At the eighth enlarged plenary session of the fourth provincial party committee Guan Guangfu, provincial party committee secretary, made a report: Penetratingly study and implement the spirit of the 13th CPC National Congress and push Hubei's reform and construction forward. The report is divided into five parts. Beginning today, excerpts from Guan Guangfu's report will be broadcast in five instalments. The first part of the excerpts of the report is broadcast now: Penetratingly Study and Completely Understand the Spirit of the 13th National CPC Congress and Define the Guiding Ideology for All Aspects of Work.

In the first part of his report, Comrade Guan Guangfu pointed out: Completely implementing the basic line and the guiding principles for all aspects of work which were formulated by the 13th National CPC Congress is a long-term basic task for party committees and governments at all levels throughout our province as well as a center for the work in 1988.

Guan Guangfu said: The provincial party committee Standing Committee has carried out serious study and exploration, centered on the theory of the initial stage of socialism and the party's basic line and in the light of realities. The committee holds that it is necessary to further grasp dialectical and historical materialism, to firmly establish the concepts of the standards of practice and of productive forces, and that only by doing so can we correctly understand the theory of the initial stage of socialism and resolutely implement the party's basic line. We must put reform in the central position and guide the overall situation with reform. We can then promote construction and work in all aspects.

Guan Guangfu said: We must oppose both treating the four cardinal principles with an ossified viewpoint and treating reform and opening up with a liberalized viewpoint. However, we must see that for various reasons we have been less affected by the modern concept of the commodity economy, but more affected by the traditional natural economy and the force of habit in commodity production conducted by the small producer. The consciousness of the commodity economy is not so strong and the concept of the market is relatively narrow. Our reform steps are neither large nor deep enough. We are especially slow in creating the necessary situation in opening to the outside world. We can find the ideological source from the influence of remnant left ideology and force of habit. We must therefore regard overcoming ossified ideology as the current main task.

Guan Guangfu said: The people of Hubei have glorious revolutionary traditions. Although they possess noble qualities of diligence, hard work, and bravery, they must not ignore some of current mental states which run counter to the demands of the times. The phenomena of being content with mere sufficiency of clothing and food and with being comparatively well-off, of indulging in extravagance, and of leading consumption exist relatively universally. The ideology and work style of fearing hard-work and retreating in the face of difficulties have often been exhibited. This mental state is incompatible with the demands on relying on one's own efforts and on working hard to do pioneering work which are advocated by the party's basic line. In the course of studying and implementing the spirit of the 13th National CPC Congress, we must therefore teach and mobilize all people throughout our province, particularly leading cadres and leadership organs, to continuously carry forward the revolutionary tradition of advancing wave upon wave and struggling bravely, inspire enthusiasm, work hard to do pioneering work, and make new contributions toward achieving the target of struggle at the initial stage and toward promoting modernization in Hubei.

On the basis of our provincial situation in studying and implementing the spirit of the 13th National CPC Congress in the previous stage, Guan Guangfu emphasized the following points:

1. It is necessary to closely link ideology, work, and the realities of reform and opening up over the past 9 years with penetrating study of the 13th National CPC Congress documents.
2. It is essential to step up study of the theory and to give full play to theory's guiding role.
3. It is imperative to accurately publicize the spirit of the 13th National CPC Congress and to give guidance and conduct dialogues in many forms in the light of the masses' questions about difficult and weak points. In the course of giving guidance and carrying out dialogues we must exchange experiences and resolve difficulties and questions with the masses on an equal basis.

Guan Guangfu Visits Water Control Project
HK250710 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 15 Dec 87

[Excerpts] A Hubei provincial rally to celebrate the damming of the Qing Jiang and the commencement of the work on the (Geheyan) key water control project was ceremoniously held at the (Geheyan) worksite today. [passage omitted]

Leading comrades, including Guan Guangfu, secretary of the provincial party committee; Guo Zhenqian, governor; and Wang Libin, vice governor, came to the spot to participate in the damming work. [passage omitted] After the damming was successfully accomplished, the provincial government held a ceremonious rally at the worksite on the right bank of the Qing Jiang that was presided over by Vice Governor Wang Libin. [passage omitted] The rally awarded prizes to five units, including the 18th Bureau of the Ministry of Railways and the Gezhouba Project Bureau, which had rendered meritorious service in the damming.

Attending this celebration rally were responsible comrades of the provincial party committee, provincial Advisory Commission, provincial People's Congress, provincial CPPCC Committee, provincial government, and provincial military district, including Guan Guangfu, Guo Zhenqian, Chen Ming, Tian Ying, Jiang Yi, Wang Libin, Hu Hengshan, (Li Guihua), and Chen Zuocai; Han Ningfu, a Central Advisory Commission member; and representatives of the Ministry of Water Resources and Electric Power, Ministry of [words indistinct], State Planning Commission, and Ministry of Foreign Economic Relations and Trade, including (Luo Xiuqian), (Wang Geng), (Gao Zhongyuan), and Zhang Qi.

Peasants Block Hunan Highway; Demand Money
HK291104 Changsha Hunan Provincial Service
in Mandarin 0100 GMT 29 Dec 87

[Text] According to a report filed by Central People's Broadcasting Station reporter (Li Zhenxiang) and our station reporters (Huang Heqing) and (Lin Tingbao), at 1600 [0800 GMT] yesterday, some 40 to 50 local peasants near the (Zhubotang) township section of the Changsha-Changde highway in Yiyang County (?placed) a corpse on the highway. Under the pretext that a car ran over and killed the man and that authorities had not handled the case properly, seven or eight peasants demanded money from people in passing cars on the highway. They shouted: "The dead man must be buried and we helpers want to eat and drink. If you do not give us money, we will not let you pass." At this point, over 1,000 cars were being blocked. Drivers and passengers told reporters: "This practice of blocking the highway to demand money from people using it is no different from the practice of waylaying and robbery."

According to background information on the man's death provided by those engaged in blocking the highway, at about midnight on 27 December, the dead man (Yu Chunbo) drove a hand-support [shou fu] tractor and passed through (Zhubotang) township section. While stopped for a while to assist a hand-support tractor driver to repair a tractor, a large truck suddenly moved toward them running over (Yu Chunbo), killing him instantly. Another peasant was knocked down and seriously injured. The hit-and-run truck driver cannot be found. That evening, the Yiyang County Traffic Management Department inspected the scene of the accident to investigate and solve the case. During the afternoon of 28 December, on the pretext that the government had declined to give money, the peasants from (Zhubochang) Township's Liuhuisi village, the dead man's native village, dragged the corpse onto the highway and thus created a disturbance. At about 1600 we reporters at the scene of the incident saw that each of the seven or eight people demanding money held a stack of bank notes. To our great surprise, although we stayed at the scene of the incident for more than 2 hours, we did not see any county or township leaders making personal appearances to stop the peasants from blocking the highway and demanding money. Only as we were leaving did we see some three or four public security cadres and policemen arrive on the scene. However, their arrival was to no avail as more and more cars were blocked.

Northeast Region

Heilongjiang First Ground Satellite Station
SK240148 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 23 Dec 87

[Text] The province's first satellite broadcast ground reception station was built and made available on 23 December at the No 913 relay station of Heihe. As a result, people in Heihe Prefecture can now directly receive Central People's Broadcasting Station programs transmitted by this satellite broadcast ground station.

Shenyang Tries 22 Criminals; Executes 17
SK282341 Shenyang Liaoning Provincial Service
in Mandarin 2200 GMT 25 Dec 87

[Text] On 25 December, the Shenyang Intermediate People's Court held a rally at the Liaoning Gymnasium to try publicly according to law 22 criminals, including Zhu Zhongli, who were guilty of robbery and theft. These 22 criminals were guilty of various crimes, including masked robbery and theft, murder, and aggravated rape which created great harm for society.

The Shenyang City Intermediate People's Court, in line with our country's criminal law, sentenced 17 criminals to death, including Zhu Zhongli, and deprived them of their lifetime political rights; and sentenced five criminals guilty of robbery, including Liu Mingzhao, to life imprisonment and fixed-term imprisonment.

After the rally, the 17 criminals who were sentenced to death were escorted to the execution ground and shot.

Liaoning CPPCC Committee Meeting Ends
SK280539 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 26 Dec 87

[Text] The 23d Standing Committee meeting of the 5th provincial CPPCC Committee ended this afternoon. This was the last Standing Committee meeting of the 5th provincial CPPCC Committee.

Through consultation, the meeting decided on the namelists of members of the Sixth Liaoning Provincial CPPCC Committee and decided to hold the first session of the Sixth Provincial CPPCC Committee in Shenyang on 19 January 1988.

The members of the Sixth Provincial CPPCC Committee have been arranged according to the following special characteristics.

In line with the principle of long-term cooperation between party members and nonparty personnel, a group of veteran nonparty friends who have cooperated with the party for a long time have been reserved. The average age of CPPCC members has been reduced by a big margin. New persons of various democratic parties and federations of industry and commerce have been recruited. In order to meet the demands of reform and the opening to the outside world, a group of persons with influential power emerging from reform and representatives of intellectuals with outstanding contributions to reform, opening to the outside world, and the two civilizations and with ability in discussing political affairs have been recruited.

The Standing Committee meeting also approved the work report of the provincial CPPCC Committee Standing Committee to be submitted to the First Session of the Sixth Provincial CPPCC Committee, and heard a report on the visit to Japan by the CPPCC delegation to Japan and a report on educational work.

Liaoning's Quan Shuren Attends Get-Together
SK260943 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 25 Dec 87

[Text] A get-together for old people of provincial organs was held on the third floor of the provincial people's theater this morning. Several hundred old comrades of provincial organs who had retreated to the second or third line were invited to the get-together. Leading comrades of the provincial party committee, People's Congress, government, and CPPCC Committee, as well as Comrades Guo Feng, Huang Oudong, and Li Huang also attended.

On behalf of the young and middle-aged cadres working on the first line, Quan Shuren, secretary of the provincial party committee, thanked the old comrades who had

made contributions to the work in various fields of our province in the past. He urged the old comrades to offer more ways and means for our province's reform, opening up, and strengthening of party building in the new year, and to make more contributions.

In his speech, provincial Governor Li Changchun first wished the old comrades a happy new year. He said that the excellent situation of the province cannot be separated from the efforts of these old comrades. He stressed that governments at various levels should study issues concerning aging and strengthen work in this aspect.

Liaoning Secretary Meets Supervisory Cadres
SK270613 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 26 Dec 87

[Text] This morning when meeting with supervisory cadres at various levels who were attending the provincial forum of directors of supervisory bureaus, Quan Shuren, secretary of the provincial party committee; Li Changchun, provincial governor; and other leading comrades said that the restoration and establishment of supervisory organs in our province indicated a step forward for our province in separating the party from the government. They encouraged the cadres to deal with law and discipline violations, while supporting and protecting people who are active in exploring reform and opening up.

The provincial Supervisory Department was established on 14 December this year. Supervisory bureaus in various cities will also be established one after another.

In an interview by a reporter of this station this morning, Sun Guoming, director of the provincial Supervisory Department, introduced the targets, tasks, and limits of authority of the supervisory work. He said: In an area where a supervisory department is located, the work personnel of local people's government and administrative departments, the major responsible persons of governments at lower levels, and leading cadres of the enterprises and institutions subordinate to the local government who are designated by state administrative organs, are subject to the supervision of the supervisory departments at various levels. There are four tasks for the supervisory departments—to inspect how the people subject to supervision have implemented state policies, laws, and regulations and whether they have violated administrative discipline; to accept and handle accusations lodged by individuals or units against the people subject to supervision who have violated state policies, laws, and regulations, and administrative discipline; to accept and handle the appeals of those subject to supervision who refuse to accept administrative punishment; and to discuss matters related to administrative punishment meted out to the cadres designated by local governments in line with administrative procedures. Supervisory organs at various levels have the power of supervision, investigation, and suggestion, and a certain degree of the power for administrative punishment.

Small-Scale Trade Developed With Fujian
HK281401 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0618 GMT 21 Dec 87

[Text] Fuzhou, 21 Dec (ZHONGGUO XINWEN SHE)—An authoritative source from the Fujian Provincial Foreign Trade and Economic Relations Department has disclosed that small-scale trade has continued between trading companies based in the coastal areas of Fujian Province and fishing ships from Taiwan over the past 8 years. So far Fujian Province has opened up 11 ports for small-scale trade with Taiwan.

After the NPC Standing Committee put forth the proposal for establishment of transport, trade, and postal relations between the two sides of the Taiwan Straits in 1979, the Fujian authorities have earnestly implemented this principle and have made great efforts in this direction. The province has shown its intention of promoting direct trade with Taiwan Province based on the principle of equality, mutual benefit, and bilateral trade, believing that this is the common wish of the business circles of both sides of the straits.

The Fujian provincial authorities have expressed understanding and endorsement toward small-scale trade that has long been conducted between people of the two sides of the Taiwan Straits. In this connection, the province has rendered all kinds of assistance. Fujian and Taiwan are separated only by a strip of water. Because the people of the two provinces speak the same dialects and have the same social customs and long ties of blood, small-scale trade between the two places is definitely a natural practice. So far Fujian Province has already opened 11 ports for small-scale trade with Taiwan, namely, Xiapu, Lianjiang, Pingtan, Fuzhou, Putian, Huian, Quanzhou, Xiamen, Zhangpu, Dongshan, and Zhaoan. There are also some trading companies acting as agents to supply marketable commodities to Taiwan fishing ships. Today, Fujian province mainly exports aquatic products, alcohol, prepared Chinese medicines, local products, and handicraft articles to Taiwan.

By small-scale trade, the source concerned for Fujian Province refers to export transaction below the value of \$30,000 (or over \$30,000 in an exceptional case) to be conducted by a ship from Taiwan with a tonnage under 100.

Magazine Urges Democratic Reunification
HK260849 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0205 GMT 17 Dec 87

[Text] Hong Kong, 17 Dec (ZHONGGUO XINWEN SHE)—News from Taipei: The editorial of the latest issue of CHUNG HUA TSA CHI [CHINA MAGAZINE] points out that realizing the democratic reunification of China is an important matter for the Chinese in this century. It says: "When Taiwan and the mainland realize reunification, neither the CPC nor the KMT [Kuomintang] will have anything to lose, but the people throughout China will have something to gain." "It will be the beginning of a new history of China."

The editorial, which is entitled "The Greatest Matter for the Chinese in the 13 Remaining Years of This Century Is Reunification," says that China's reunification should be realized within this century. Because there is no tension in the international situation at this time, the Chinese do not have to worry about foreign invasions. This provides us with a very good opportunity to realize peaceful reunification and to strengthen construction. Our domestic situation requires that reunification should be realized as quickly as possible while the old generation of leaders is still alive, because they are the people who know best the gains and losses in this matter since they personally experienced the war of resistance against Japan and witnessed the splitting of the country. These common and bitter experiences will make the talks easier. Now both Chiang Ching-kuo and Deng Xiaoping are old people over 70 and 80. The matter should not be delayed any longer.

The editorial emphasizes that realizing the reunification of the motherland is of great significance, especially in the following areas: 1) It can raise the international standing of both sides; 2) it can promote trade and exchange and promote economic development; 3) it can help both sides correct their own defects and overcome corruption; 4) it can bring new hope to the younger generation and boost the morale of the people; and 5) it can prevent foreigners from taking advantage of China's division to seek gains for themselves.

The editorial holds that there are three steps for realizing democratic reunification: 1) to allow people on both sides of the strait to visit their relatives, as Taiwan has done in allowing people to visit their relatives on the mainland; 2) to exchange visits in academic circles so that both sides can exchange their achievements made in the past 40 years; and 3) both the KMT and the CPC should hold direct talks, rather than indirect contacts, so as to discuss general principles for reunification.

In conclusion the editorial says that the people in power on both sides of the strait should not obstinately stick to their existing policies but should value the interests of the 1.1 billion Chinese people above everything else and realize the reunification of the motherland within this century as to contribute to world civilization.

South Korea's Attitude Toward PRC Noted
OW242352 Taipei Domestic Service in Mandarin
2300 GMT 23 Dec 87

[Text] Spokesman (Chen Yu-chih) of the Foreign Ministry says: President-elect No Tae-u of the Republic of Korea said that he was prepared to go to the mainland and expand Korea's diplomatic relations with the Chinese Communists. Right now, the ROC [Republic of China] Foreign Ministry is paying full attention to this.

Commentary on U.S. Support for ADB Membership
OW230023 Taipei International Service
in English 0200 GMT 22 Dec 87

[Station commentary: "ROC Can Bank on U.S. Support in ADB"]

[Text] The Asian Development Bank, or ADB for short, is back in the news again this week. The U.S. Congress has placed an amendment on the 1988 omnibus spending bill that expresses U.S. support for the Republic of China's [ROC] membership in the ADB. The membership also expresses support for the ROC's right to keep its own designated name in the regional bank.

The amendment is attached to the State Department's appropriations part of the bill, and says the U.S. Government should use its influence in the Asian Development Bank to secure reconsideration of the institution's decision to designate Taiwan as Taipei, China. The amendment goes on to say that it is the sense of Congress that the ADB resolve this dispute in a fashion that is acceptable to the ROC.

The House version of the amendment was sponsored by Representative Jack Kemp, a New York Republican, who also happens to be running for his party's presidential nomination. The Senate version was backed by Frank Murkowski, Republican of Alaska. The final language of the amendment resembles the Senate version more.

The State Department has also sent a letter to Congress saying it opposes the spirit of the amendment, meaning State does not think it wise to ruffle Communist China's feathers over this issue. State says the matter of the ROC's designation in the ADB has been resolved. The Congress, however, obviously disagrees that the matter has been satisfactorily resolved in a fashion acceptable to the ROC itself.

The ADB issue goes back to 1983, when Communist China decided it wanted to join the bank. Before doing so, however, Peking demanded that the ROC either be ousted or have its name changed from the official Republic of China to Taipei, China. In 1983, 84, and 85, the bank refused to budge on its name. As a founding

member of the ADB, the ROC stands by its charter given rights to remain in the bank under any designation it chooses. The U.S. has lent consistent support to the ROC on this matter.

The new congressional amendment also includes a reporting requirement. Under this condition, the Executive Branch, meaning either the President or State Department, would be required to report to the Congress on the progress of implementing the amendment, by March 1, 1988. Aides to Congressman Kemp say he plans to monitor the amendment's implementation closely, should the bill pass as is and not be vetoed by the President.

Government officials in the Republic of China, and people in general for that matter, have expressed appreciation for the support on Capitol Hill. At the present time, the ROC is maintaining its portfolio in the ADB but is hesitating on attending further meetings unless the name issue is resolved. Because the ROC is a donor member of the bank, many of the ADB's members would like to play politics Peking style, and base their support for the ROC on the principles embodied in the ADB Charter and on basic economic common sense. U.S. support on this issue counts for much, as the U.S. provides nearly 40 percent of the bank's funds. The ROC plans to hang tough in the ADB, with or without help from friends.

Taiwan, Singapore to Start Joint Venture
OW271005 Taipei CHINA POST in English 22 Dec 87
p 11

[Text] The Republic of China [ROC] and Singapore will cooperate to manufacture and sell aircraft, the Chinese-language FREE PRESS DAILY reported yesterday.

The two countries agreed in principle to jointly develop the aviation industry after several secret high-level talks, the daily said.

Quoting unnamed sources, the newspaper said the ROC will enter into a joint technological and production venture with a famous foreign aircraft company which was also not specified. The paper did not make clear whether civilian or military planes would be manufactured.

ROC-made aircraft will be sold to Singapore which in turn will lease them to Southeast Asian nations, the newspaper said.

Although Singapore has no diplomatic ties with the ROC, Singapore Prime Minister Lee Kuan Yew has made periodic trips to Taiwan.

Lee wrapped up a five-day visit and left Taiwan for Hong Kong Sunday en route home. He visited Taiwan twice last year—in June and in December.

President Chiang Ching-kuo met Lee each time, but details of their discussions have never been revealed.

Lee's eldest son, Singapore trade and Industry Minister Brigadier General Lee Hsien Loong, visited Taiwan last month.

Chiang's second eldest son, Chiang Hsiao-wu, is the nation's deputy trade representative to Singapore.

Service Industry Restrictions To Be Lifted
OW271001 Taipei CHINA POST in English 22 Dec 87
p 12

[Text] Premier Yu Kuo-hua said yesterday the government will gradually lift restrictions on service industries and welcome foreign competition in the hope that the service sector will contribute 50.5 percent of economic output by 1990.

The premier made the statement in an opening speech to the first National Commerce Conference attended by more than 600 government officials and business leaders at the Taipei World Trade Center.

Presiding over the conference was Wang You-tseng, chairman of the ROC General Chamber of Commerce. He said service industries usually account for 55 percent of output in advanced countries, but currently contribute only 45 percent to Taiwan's economy.

With an annual growth of 7.4 percent, Premier Yu said, the service sector will parallel the manufacturing sector as the two pillars of local economic development by 1990.

Between 1987 and 1990, about 82.7 percent of newcomers to the labor market are expected to join the service sector, and service industries will employ 51.5 percent of the island's labor force, far higher than the industrial sector, Yu said.

To enforce the government's economic "internationalization and liberalization" policy, he said, the government will relax restrictions on service industries except for those related to national defense and social security.

Also speaking at the conference was Economics Minister Li Ta-hai. He called on local industrialists and businessmen to establish "new commercial ethics and discipline" and wipe out counterfeiting, oligopoly and "sale by hook or by crook."

He said the ministry is drafting a fair trade bill to secure a "free and fair competition environment."

Vincent C. Siew, director-general of the Board of Foreign Trade, said the nation's two-way foreign trade will exceed US\$88 billion this year and break the US\$100 billion mark in 1989.

Nevertheless, he said, the nation should boost imports and diversify export to avoid protectionist measures from trade partners.

Besides the service sector, the three-day conference will focus on 48 other topics, including international trade, finance and insurance, public transportation and tourism.

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